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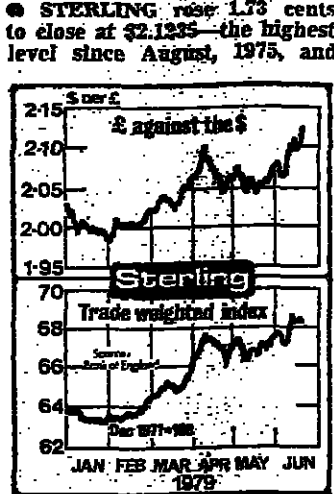
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NEWS SUMMARY

GENERAL DC-10 Europe lights resumed

BUSINESS Sterling up 1.73c; Equities uncertain



European air authorities gave go-ahead for DC-10 flights resume today, despite official scepticism about the aircraft's safety and the prospects of an early return to normal operations.

Jeremy Thorpe's trial jury retired to consider its verdict. On the last full day of his trial, Mr. Justice Cantelmo described self-confessed hit man Andrew Newton as a "conceited egotist."

A bomb hit a leading Ulster hotel in Londonderry in a co-ordinated IRA bombing attack throughout the province.

Mr. James was awarded 100 libel damages in the High Court over a Daily Mail article which suggested that his "hurry" had been impounded.

Mr. Hynes is chairman of the ERM. He is also chairman of the ERM. He is also chairman of the ERM.

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Sharp rise in imports and slight fall in exports

£1bn trade deficit in five months

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN HAD a deficit of £1.08bn on the current account of its balance of payments in the first five months of this year following a surplus of £604m in the second half of 1978.

The May figures, published yesterday by the Trade Department, indicate that the underlying position is even worse than suggested by estimates earlier this month for the January-to-April period. This reflects both the impact of the consumer boom and a longer-term erosion of the competitive position of British goods.

BALANCE OF PAYMENTS £m seasonally adjusted. Table with columns for Visible trade, Invisibles, and Current account for 1978 and 1979.

The Whitehall view is that after allowing for all these distorting influences the deficit on visible trade between January and May may have been around £2bn, compared with a published figure of £1.69bn.

The narrowing of the current account deficit from £217m to £75m between April and May is almost certainly misleading. This is because of the continuing distortions resulting from the road haulage strike and from the civil servants' industrial dispute.

The latest figures indicate that various industrial disputes have made the deficit look smaller than it actually was. This is mainly because of under-recording (chiefly of imports) amounting to £600m in the first five months of the year which will show up from now onwards.

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Mrs Thatcher gives jobless warning over pay claims

BY RICHARD EVANS, LOBBY EDITOR

MRS. MARGARET THATCHER gave the sternest warning so far that the Government will be prepared to see higher unemployment and more bankruptcies if trade union negotiators insist on demanding excessive wage settlements next winter.

possibility of a pay freeze at some stage but made it clear she intended to do everything possible to avoid such a course.

"I believe it is far better for people to be faced with the consequences of their own wage claims than to try to save them from it," she said during questions from MPs worried at the wage tactics of unions in the next pay round.

The proposed national forum which will not be set up before autumn at the earliest, would be to allow "all major participants" to consider implications of the Government's fiscal and monetary policies, he said.

£57m Tilling rights issue taken up by 25% of shareholders

BY CHRISTINE MOIR

THOMAS TILLING'S invitation to its shareholders to provide £57m for further expansion has been declined by holders of three out of every four shares.

Under Stock Exchange rules the brokers to an issue, in this case Rowe and Pitman, have a couple of days in which to try to find buyers prepared to take up the total outstanding; at any price above the issue price.

At the time the issue was announced Mr. Patrick Meaney, Tilling's managing director, justified the call for capital by saying: "It was a good time to come to market. The share price was supported by our latest figures. And the market is receptive to issues."

The outcome of the issue will not be known until after 5 pm today. Under Stock Exchange rules the brokers to an issue, in this case Rowe and Pitman, have a couple of days in which to try to find buyers prepared to take up the total outstanding; at any price above the issue price.

World oil crisis near, says Yamani

BY KEVIN DONE, ENERGY CORRESPONDENT

SHEIKH Ahmed Zaki Yamani, the Saudi Arabian Oil Minister, warned yesterday that a world energy crisis could develop in the next 10 years that would make the "current situation appear like a mere passing event of trivial consequence."

It is possible that this may have reflected stockpiling and purchases associated with the consumer boom. If this is the case the growth of imports may now slacken though there appears to have been a further underlying rise in the overseas share of the UK market.

After allowing for distortions, the value of exports up to May was probably little changed on the level in the second half of last year. As export prices were continuing to rise, the volume of overseas sales may have dropped slightly.

It is still not clear whether Iraq and Kuwait will take the highest Gulf prices or the highest OPEC prices as the guide for their new pricing. But the moves are clearly intended to strengthen their case for higher prices when OPEC convenes.

The new Kuwaiti prices will have effect from June 1. Its main customers are British Petroleum, Shell and Gulf. BP is also facing new supply difficulties in Nigeria. It is understood that Nigeria has

Continued on Back Page

More U.S. petrol curbs

BY STEWART FLEMING IN NEW YORK

TIGHTENING OIL supplies in the U.S. have forced seven north-eastern states to announce plans for new restrictions on petrol sales to the public.

A nationwide strike by independent hauliers who transport much perishable farm produce, has also been threatened.

Following the lead of California in the spring, the Governors of New York and New Jersey have announced that from Wednesday and Thursday filling stations in the New York metropolitan area will have to ration petrol.

In New York motorists will be able to fill their tanks only on alternate days. In New Jersey attendants will have to check that a customer's tank is less than half full.

Under the alternate day system, motorists with even-numbered licence plates will be able to fill up on even days of the month, the others on odd days.

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RISE IN PRICE CHANGES YESTERDAY

Table showing price changes for various commodities like Wheat, Flour, Sugar, etc. with columns for item, price, and change.

CONTENTS

Table of contents listing various articles and their page numbers, including Chemical industry, Banking, U.S. efforts to control the doomsday, etc.

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# EUROPEAN NEWS

## Rupert Cornwell on the paradoxical strength of the Italian lira The pleasures of monetary virtue

ITALY IS at present enjoying a pleasure it has hardly tasted since the 1960s, a consistently strong currency. In true Italian fashion, paradox abounds: The currency gets stronger as the energy crisis worsens in a country more dependent than any other in Europe on imported oil, and which has so far done less than most others to solve the problem.

How long this happy state of affairs will continue is another matter. In the run-up to the Tokyo economic summit later this month the monetary authorities are for once showing signs of slight embarrassment over reserves which are not too small, but too large.

In the three months since the European Monetary System has been operating, the lira has gained about 2 per cent on average against the other participating currencies — and against the Belgian franc, at the moment the weakest link in the EMS, by around 4.6 per cent.

Perhaps most remarkable of all, the advance has taken place while Italian inflation has been rising steadily and while the country has been experiencing a steady economic upswing. Official and unofficial forecasts now suggest that gross domestic product will grow by 4 to 5 per cent in 1979.

In the past such a combination would automatically have entailed a sharp rise in imports, a deep trade deficit and measures to curb demand. This time, not so, at least so far.

Since the start of the year the Bank of Italy has been intervening heavily on the foreign exchange markets to control the lira's ascent. Sig. Paolo Baffi, the Governor, told the bank's annual meeting last month that by the end of April reserves had risen to L27,400bn (\$32.2bn).

More to the point, whereas official reserves 18 months ago only just covered the sum of official debts and commercial



Sig. Paolo Baffi

banks' foreign liabilities, today they exceed them by L14,000bn (\$16.4bn).

Although Sig. Filippo Maria Pandolfi, the Treasury Minister, has intimated that Italy will seek a further standby credit from the International Monetary Fund once a new government has been formed, such a step would be purely cosmetic.

Far from needing money, the country is paying funds into the IMF, in keeping with its new-found position of an international creditor nation.

But the most striking sign of the changed times is the flurry of argument over whether Italy should embark on a gently managed revaluation of the lira, as a means of helping to keep inflation at bay, at least that

part of it which is imported. The debate in fact is somewhat misplaced, since the performance of the lira within the EMS already amounts to a slight revaluation. But the argument against it raises most of the problems which surround the future management of the currency.

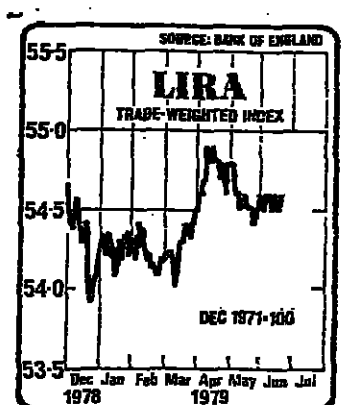
In the first place, the movements of the lira are heavily conditioned by the most important international exchange rate, of the Deutsche Mark against the dollar. Last year the dollar remained weak. The Bank of Italy could simultaneously allow the lira to decline against the stronger European currency bloc, thus improving the export competitiveness of industry, but to gain against the dollar, thus holding steady Italy's raw material import bill.

Recently the trend has been reversed, with the improvement in the dollar's performance against the DM. While the lira has moved upwards against the mark and other EEC currencies, it has weakened slightly vis-à-vis the dollar.

But will the dollar remain strong against the mark, given the determination of the German authorities to stamp out inflation? Not for very long, in the view of some here, in which case the former pattern might well again re-emerge, before any lasting damage has been done to industrial competitiveness.

So far, despite an internal inflation rate double the European average, competitiveness has held up very well. The buoyancy of exports has not been one of the most important reasons for last year's payments surplus of L7,000bn but also for the significant increase in 1978 of Italy's share of world trade.

Revaluation would put this at jeopardy. Everyone points to what has happened in Britain, where the



untouchable, a strong enough Government will emerge to prune some of the other forms of indexation, in pensions, for example.

Then there is oil. Whereas countries like Switzerland, Germany and Britain have started to pass on the sharp increases in crude prices, Italy has so far done little. The Central Bank is among the most vigorous proponents of swift action.

These factors explain why Governor Baffi was concerned enough by the likelihood of a wide and persistent inflation gap between Italy and its EMS partners to insist on a 6 per cent fluctuation band.

The answer to why Italy, against all previous experience, is managing to combine growth with a contained trade deficit lies, according to both central and commercial bankers, in a new, more professional approach to stock management. This reflects partly the proliferation of small and medium sized industries, prominent exporters and importers, who can be extremely cautious in their inventory policies. But also among larger groups, stock management has been given greater priority, given the extremely high cost of borrowing money.

This unsung development may be one of the most important changes in the economy. It may not be enough to keep the lira for ever on the path of monetary virtue, but it is proof of what in the long run may be still more important for the country, the resilience and powers of adaptation of what might be termed the "grass roots" economy.

### BACKGROUND TO THE TOKYO ECONOMIC SUMMIT

## Election setback in Sardinia for Communists

BY OUR ROME STAFF

AS SOME 13m workers staged strikes throughout Italy in protest at the slow progress of wage talks, the Communists (PCI) have suffered a further electoral setback, this time in regional polls in Sardinia.

The result, on the eve of the opening of the country's eighth post-war parliament, follows the party's disappointing showing in the general and European elections earlier this month.

With just 26.2 per cent of the poll, the PCI has dropped back by a further 5.5 per cent compared with its performance in the general election. In fact the Communists in Sardinia are below the level they achieved at the last regional elections five years ago.

The outcome, which broadly confirms the recent trend for smaller "lay" parties to do well, serves to underline the problems facing the Communists as they prepare for next week's central committee meeting that is expected to endorse important changes in the structure of the party's leadership.

It also lends added significance to the departure of — now reluctantly approved by the party hierarchy — of Sig. Pietro Ingrao, from the prestige-worthy job of president of the national assembly, to concentrate on purely party affairs.

Sig. Ingrao has emerged as one of the most respected and authoritative figures on the

"left" of the PCI. On several occasions during the last uncomfortable three years he has criticised its policies.

With the exception of the unpredictable Radicals, most parties seem to have accepted that another Communist should take over the assembly presidency, in keeping with the now established tradition that a representative of the second largest political group should preside over one of the two houses of the Italian Parliament.

Sig. Amintore Fanfani, the former Christian Democrat Prime Minister, is expected to be reconfirmed in the second ranking post of president of the Senate.

The Communists were due last night to nominate their candidate for the chamber. The favourite was the Signor Nello Jotti, already a vice-president of the assembly and a member of the PCI's central committee for two decades. If chosen, she would be the first woman to hold so important a constitutional post in the history of the Italian republic.

Once the new parliament has elected its top official, the way will be clear for the start of the laborious process of establishing a new government.

Meanwhile, millions of workers stopped work yesterday throughout the country in an attempt to hasten progress in talks to settle new three-year contracts for wide sections of industry.

## Sweden's engineering profits worst ever

By William Duffin in Stockholm

SWEDISH engineering companies experienced their worst year ever in 1978. Although their five-year profit plunge should be halted this year, they will still be far short of the profitability level they must reach to fulfil their role in Swedish economic growth.

The message was emphasised yesterday by Mr. Aake Nordlander, managing director of the Engineering Association, when he presented the preliminary results of the association's annual company profits study. This indicated that 44 per cent of the engineering companies operated at a loss in 1978.

The average pre-tax return on equity was only 4.2 per cent, compared with the 14 per cent recorded in 1973 and the 12 per cent, which Nordlander sees as a reasonable target. Worst hit were the small and medium enterprises; the large concerns performed better.

Medium-sized companies, employing between 150 and 500 people, average a pre-tax loss of 2.7 per cent on equity, while small companies, with 75 to 150 employees, saw their return sink from 4.3 per cent in 1977 to 1.1 per cent last year.

Over the last four years, 25,000 jobs have disappeared in Swedish engineering and one in five employees work in a company which made a loss in 1978.

Nevertheless, Mr. Nordlander would not use the word "crisis". Profitability varied widely among the companies in each branch.

The delayed effect of the 1977 devaluation of the Krona and the moderate wages settlement negotiated last year had improved the situation for the industry, he said, but not enough. Employers' tax burden had to be eased.

## Turkey agrees to attend Balkan conference

BY OUR ATHENS CORRESPONDENT

TURKEY HAS agreed to attend a Balkan conference in Athens in November to discuss multi-lateral co-operation in transport and communications.

Romania and Bulgaria have already said they will attend the conference which was suggested by Prime Minister Constantine Karamanlis, of Greece. Yugoslavia is expected to reply in the next few days.

Mr. Karamanlis believes that co-operation between Balkan countries in non-political fields can help create a climate of détente in the peninsula, which could also ease tension between Greece and Turkey.

Projects expected to be discussed at the conference include the trans-European motorway to link Europe with the Middle East. The motorway will begin at the Baltic seaport of Gdansk and end in Athens.

The costs for constructing the highway are immense and the United Nations Economic Commission for Europe which is involved in the project, is banking heavily on help from international organisations.

Another important transport project to be considered is the plan to link the Danube and the Aegean Sea through a waterway.

## Swiss dollar sales reduce reserves

By John Wicks in Zurich

FOREIGN CURRENCY reserves of the Swiss National Bank fell by SwFr 1.04bn (£277m) to SwFr 21.4bn (£594m) in the week ended June 15. This decline, which followed a drop of SwFr 1.81bn in the previous week, and was due in part to National Bank sales of dollars, took the figure to its lowest level since the third week of September, 1978.

Since then, the National Bank's foreign currency holdings have risen considerably, reaching a peak of SwFr 31.9bn just before Christmas.

## Norway dispute over oil pollution equipment

BY FAY GJESTER IN OSLO

SHARPLY conflicting reports have been received in Norway about the performance of Norwegian equipment being used to fight pollution from a well blow-out which is sending 5,000 tonnes of oil a day into the Gulf of Mexico.

If the clean-up attempt should prove a total failure, it could provide ammunition for opponents of Norwegian Government plans to allow oil drilling, from 1980, in the fish-rich waters off Norway's northern coast.

At the blow-out site in Epeche Bay, a Norwegian scientist said at the weekend that "not a drop" of oil had been sucked up by the two "skimmers" flown to Mexico last

week. The oil was so diluted with sea water that the skimmers were ineffective, he said.

A spokesman for Statoil, Norway's state oil company, said however, that the equipment was working satisfactorily under the circumstances and seemed to be containing the spill. He said some 1,200-tonnes of oil/water emulsion had been sucked up on Saturday. Statoil engineers are co-ordinating the clean-up.

The special conditions in the Gulf of Mexico appear to have created some difficulties for the Norwegians. The water is shallower than in the North Sea, and the intense turbulence above the blow-out well emulsifies the

oil with water, making it harder to collect.

The mobility of the containing booms has also been a problem. They are designed for use with highly manoeuvrable boats operated by trained crews.

Such boats were not immediately available in Mexico, and shifting currents carried some oil away from the booms before boats were supplied by Pemex, the Mexican state oil company.

Despite the differing conditions, however, Norwegians will be worried if their anti-spill equipment does not significantly check pollution from the Mexican well. The Government's

faith in the effectiveness of this equipment, stockpiled in depots all along the Norwegian coast, has been an important official argument for giving the green light to drilling in the north.

The Norwegian Prime Minister, Mr. Odvar Nordli said yesterday in San Francisco, that Norway has significantly benefited from wage and price controls despite its commitment to free market economy, AP-DJ reports.

Norway had implemented wage and price controls 15 months ago, but said, and inflation had reduced from nearly 10 per cent in 1977 to between 4 and 5 per cent in the past 12 months.

## Spanish papers shut

Six state-run newspapers in Spain closed yesterday following a government decision to trim the losses of a media chain inherited from the regime of the late General Franco, Reuter reports from Madrid. They were Aviza of Madrid, Esparidos Nacional and La Prensa of Barcelona, Amanecer of Saragossa, El Pueblo Gallego of Vigo and Libertad of Valladolid. The news agency Pyresa, also owned by the chain, shut on Saturday.

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Jellycolito



# Assembly boycott buys time for Turkish premier

BY METIN MUNIR IN ANKARA

MR. BULENT ECEVIT, the Turkish Prime Minister, yesterday escaped a move by the opposition to defeat him in Parliament and oust him from power.

Mr. Ecevit's social democratic Republican People's Party (RPP) boycotted the National Assembly session which was to have debated a censure motion moved by the Right wing parties which claim to have a majority in the Assembly. As a result of the boycott, the session was unable to constitute a quorum.

The censure motion was against Mr. Tunçay Matracı, the Minister of Customs and Monopolies, after allegations that he had been misusing his office.

Mr. Suleyman Demirel, the main opposition leader and former Prime Minister, accused the Government of "running away from Parliament, and by doing so becoming a party to the wrongdoings of a Cabinet Minister."

Mr. Ecevit presumably feared that the vote at the end of the debate would confirm that he had lost his majority, and a later vote of no confidence could lead to his defeat.

There have been nine defections from the Government side in less than a month. The Prime Minister is now believed to control 220 seats, six short of an absolute majority.

Tomorrow Parliament meets to discuss the extension of martial law for a further two months in 19 of Turkey's 67 provinces, where more than a third of the population of 45m lives.

The censure motion may come up again for debate today, provided the RPP show up.

Mr. Hamdi Özer, senator for Malatya resigned from the RPP today.

Nearly 35 MPs have crossed the floor since the general election in 1977, some of them several times. Mr. Ecevit's Government is a coalition between the RPP and 10 turnout deputies.

# Modest growth in French industry

By Terry Dodsworth in Paris

FRENCH manufacturing industry has moved back into modest growth after the stagnation in industrial production in April.

It can now look forward to continuing expansion up to the August holidays after which higher oil and raw material prices may cause a slow-down.

These forecasts from the Bank of France's monthly bulletin for May confirm similar indications in recent surveys from the Paris Chamber of Commerce and Industry, and the employers' association.

They all show the country is going through a spell of cautious growth in which existing capacity is being well utilised, despite inhibitions about further investment.

The main stimulant to industry was provided last month by orders from inside France, the Bank says.

These went up at a rate higher than the normal seasonal variation, which may indicate companies were stocking up before the summer holidays and the new round of price rises related to the oil-price increase.

Orders from overseas, which have been a significant prop to French industry this year, have also held up well.

Companies are worried, the Bank says, about their ability to remain competitive in world markets under the pressure of rising prices in France, although they remain reasonably optimistic.

In individual sectors, the most marked growth was in semi-finished goods. The capital goods industry remained steady, with encouraging overseas demand.

In consumer goods, where demand has slackened in France, the vehicles and processed foods industries held up well.

The surveys have been published against a background of official acceptance that the present oil price situation will cut the French economy's predicted growth-rate this year from 3.7 to 3.4 per cent.

Indications are that the main difficulties in absorbing the oil and raw material price increases will come in the autumn and winter, when they could spell serious problems for the country's current balance of payments surplus.

The improvements noted by the bank are also consistent with the general pick-up in the financial health of French industry, which has been raising production while holding its labour force steady.

## EUROPEAN ECONOMY IN THE 1980s

# Ortoli warns of 'brutal change'

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

EUROPEAN ECONOMIES face a decade of brutal structural change, during which governments will be condemned to policies of austerity and personal consumption will take second place to increased investment, if the EEC is to weather the difficulties posed by diminished oil supplies.

This is the gloomy prognosis offered by M. Francois-Xavier Ortoli, the EEC Economics Commissioner, in a paper which seeks to chart the development of economic policies in the Community over the next 10 years. The paper will be submitted to Common Market leaders when they meet in Strasbourg tomorrow.

Central to M. Ortoli's argument is the assumption that energy supplies will remain scarce for years to come. He

estimates that at recent growth rates, the EEC's energy consumption in 1980 will be more than 50 per cent above the level this year, and that OPEC oil production would have doubled over the same period to sustain the current rate of increase in total world demand.

It is unlikely that the needed oil supplies will be forthcoming. Europe must therefore seek new ways of promoting stable economic growth which are less energy-dependent, while channelling more resources into sectors which will strengthen its export performance on what are likely to be increasingly competitive world markets.

It emphasises that such growth must also be non-inflationary if the EEC is to remain competitive. "That implies the pursuit of rigorous economic

policies which ensure that prices are kept under control, a limitation of the increase in real income and currency stability."

Governments must be prepared to intervene more extensively to create the necessary investments because these may not initially appear profitable enough to attract private capital. The paper offers no novel suggestions for the sectors to be developed, beyond saying that they should be technologically advanced, rely on highly specialised labour and consume few raw materials.

The process envisaged in the paper will be possible only if entrenched resistance to technological change is overcome and all sections of society are encouraged to participate. But

# Socialists oppose defence policy shift

By Our Paris Staff

BRITISH LABOUR MPs succeeded in quashing a recommendation made here yesterday for the Community institutions to assume responsibility for defence policies. The recommendation was made in a report to the mid-year assembly of the Western European Union, which groups MPs from seven countries.

Labour MPs were backed by West German Social Democrats and other members of the Socialist group in opposing the motion, which urged the WEU Council to study ways of including the organisation in an EEC foreign and defence policy framework.

Mr. Thomas Urwin, Labour MP for Houghton-le-Spring, said it would be "a very dangerous path indeed" for European countries to try to delegate the responsibility now held by NATO to the European Parliament.

The WEU assembly, he added, was the only forum where MPs of European countries could debate defence matters. There was nothing in the Rome Treaty which allowed the European Parliament "to dabble in any shape or form in defence matters."

In a debate on armaments policy, Mr. Kenneth Warren, Tory MP for Hastings, said the Soviet Union had achieved "a major military advantage" in the SALT II agreement signed in Vienna.

He warned of "the terrible threat" which Europe had to face in the form of the Soviet SS-20 missile, "which was neatly excluded by the Russians from the Vienna treaty."

However, plans for a full discussion in the WEU Assembly of SALT II and the prospects for SALT III, scheduled for Thursday, appear almost certain to be shelved because of the controversial nature of the subject.

# Portuguese Bill will end domination of unions

BY JIMMY BURNS IN LISBON

AFTER MORE than a year's delay, the Portuguese Parliament has begun formal debate of a Bill which aims to liberalise Portugal's ambiguous and restrictive union legislation.

Already assured of wide parliamentary support, it will establish the right of free association and effectively put an end to the monopoly of the labour movement by the Communist-dominated General Workers' Confederation (Intersindical).

A central article in the Bill stipulates that union elections should be based on the principle of proportional representation.

In practice, this will mean that the recently-created non-Communist trade union organisation, the General Union of Workers (UGP), will be able to share workers' committees with members of Intersindical. They will also be able to participate more fully in negotiations with the Government.

Intersindical has refused to recognise the UGP, claiming that the formation of a new union organisation is proscribed by law.

In a strongly-worded statement yesterday Sr. Teixeira da Silva, a member of Intersindical's National Secretariat, pledged total opposition to the application of the Bill.

"The Bill represents a grave attack on trade union freedoms and is both undemocratic and unconstitutional," he said.

# Dutch union protest passes peacefully

BY CHARLES SATCHLOR IN AMSTERDAM

AN ESTIMATED 50,000 strikers marched through Utrecht yesterday, while demonstrations and short work stoppages were staged throughout the Netherlands. The day's protest was called by the FNV union federation to mark its opposition to planned Government spending cuts.

The federation claimed its action had been a success, but employers' organisations said that the strike had had little impact.

Minor incidents occurred when police removed strikers blocking the entrance to an industrial area in The Hague, and when pickets in Amsterdam prevented the few trams which were still running from picking up passengers.

The mass rally in Utrecht, which ended with Mr. Wim Kok, chairman of the federation, addressing trade unionists and MPs, passed off peacefully.

Regional bus services in many areas in the west of the Netherlands were halted as was most public transport in Amsterdam and The Hague.

Welfare workers, university personnel and rubbish collectors also joined the strike, while many workers in private industry, the harbours and on building sites staged demonstrations and work stoppages.

Yesterday's demonstration was the second within a year against the Government's planned spending curbs.

## Oil discovery

Traces of oil have been found at Eurose in south-west France in sufficient quantities to raise hopes of commercial production by the two companies involved, the nationalised Elf-Aquitaine group and Esso Rep, writes Terry Dodsworth in Paris. The field is unlikely to produce more than 250,000 tonnes of oil a year.

# UK bid to curb farm imports from EEC

BY MARGARET VAN HATTEM IN LUXEMBOURG

BRITAIN'S small farming sector should be encouraged to expand while other EEC farmers must cut back their production. That, in a nutshell, is Britain's strategy in the current farm price negotiations as clarified yesterday by Mr. Peter Walker, the British Agriculture Minister.

The immediate effects of the 5 per cent "green pound" devaluation which he is seeking will be to shift the cost of maintaining high EEC support prices from the Community budget to the British consumer.

Initially, this will mean an outflow of funds from the UK to its EEC partners in the form of higher food import prices, which would more than offset any reduction in Britain's net contribution to the EEC budget.

However, the UK Government hopes that its farmers will respond to their price increases by expanding production, eventually reducing the share of the UK market currently held by other EEC producers.

Meanwhile, the higher food prices will add to inflation. Mr. Walker estimates that the 5 per cent devaluation will add only 0.25 per cent to the retail price index. The cumulative effect of this, together with the 5 per cent devaluation approved in March, the further 5 per cent devaluation sought for 1980-81 and the inflationary measures contained in last week's budget, will be much more. But Mr. Walker considers the extra burden on the British consumer will not be excessive.

The British line should come as no surprise to anyone familiar with the White Paper on agriculture, published last year. Nevertheless, it has disappointed those EEC states who had hoped for a more conciliatory line from the Conservative government.

For the time being, the other eight appear to regard Mr. Walker's demands as potential levers for gaining concessions in other areas, such as prices, milk tax and sugar subsidies.

France, for example, is still pushing for a 2.3 per cent overall price rise, and many member states are determined to water down the Commission's proposal for taxing milk production and cutting sugar subsidies. Thus, they do not wish to grant Britain its devaluation before the overall package is agreed.

After almost two days of talks, a settlement looks as remote as ever. Mr. Finn Olav Gundelach, the EEC Farm Commissioner, concluded a series of exploratory bilateral talks with the nine Ministers yesterday afternoon and was expected later in the evening to give his assessment of how the outstanding differences might be bridged.

But few in Luxembourg hold out hopes of a settlement this week and some see little chance

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AMERICAN NEWS

Russians test Carter on Backfire

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

SENIOR White House officials believe that President Brezhnev was testing President Carter's resolve in the one genuinely expected part of the Vienna summit—the exchange of the Russian backfire bomber.

But the strength of this pledge is still being questioned here. In publishing all the SALT documents, the U.S. included the specific Soviet statement on the Backfire, covering both the production rate and the Soviet promise not to give the aircraft intercontinental attack capabilities.

In tactical terms, the White House clearly considers it important to convey the impression that Mr. Carter was neither swayed nor hoodwinked by the ailing Russian President.

Mr. Brezhnev omitted reference to the precise numbers, prompting Mr. Carter not to accept the statement offered to him by the Soviet leader.

Arab fund to halt investment in Canada

By James Buxton

THE Arab Monetary Fund (AMF) which functions on the lines of the IMF for Arab states, has said it will stop all financial dealings with Canada, in protest at the Canadian Government's election promise to move the Canadian embassy in Israel from Tel Aviv to Jerusalem.

OAS states disagree on Nicaragua intervention

BY HUGH O'SHAUGHNESSY

AS THE Government of General Anastasio Somoza in Nicaragua comes under increasing pressure from Sandinista guerrillas, a major diplomatic row is breaking out over the issue of military intervention in the conflict.

attracted by members of the Provisional Government Council, which was set up by the anti-Somoza forces in Costa Rica on Saturday.

The Council has announced that if it takes power it will respect private property and start mixed public and private sector companies, while taking energy, forests and mines into the public sector.

NY subway carriage battle looms

By John Wyles in New York

NEW YORK CITY and Pullman Inc. of Chicago are squaring off for a bitter court battle over defects in one-third of 754 new subway carriages.

Brezhnev 'heir' said not a word

BY DAVID SATTER IN VIENNA

AN INTRIGUING insight into the leadership stakes in the Soviet Union was seen during the recently concluded U.S.-Soviet summit meeting in Vienna.

At the U.S. ambassador's dinner, Mr. Brezhnev first appeared tired and nothing of substance was discussed.

Despite Mr. Brezhnev's apparently failing health which appeared to prevent him from being a competent interlocutor during the talk, Mr. Brezhnev gave no indication that he was incapable of thinking clearly.

Oil issue 'has been fumbled'

BY DAVID LASCELLES

NOTHING HAS more injured the prestige of the U.S. than five years of mindless fumbling with the oil problem, according to Mr. George Ball, former Secretary of State, and now a partner in Lehman Brothers.

Government serving U.S. interests would net win through, and Iranian oil production would not be sustained much above 3m barrels a day, with much of that going to the Soviet Union.

Tories win in Newfoundland

By Victor Mackie in Ottawa

THE PROGRESSIVE Conservatives swamped the Liberals in the Newfoundland election on Monday, returning to power with an increased majority under Mr. Brian Peckford, the Prime Minister.

FINANCIAL TIMES World-wide Investment in the U.S. CONFERENCE

One-half of portfolio investment, which the oil countries preferred, was accounted for by one country — Saudi Arabia.

FALLOUT FROM THE SPACE PROGRAMME

Skylab's giant footprint

BY DAVID BUCHAN IN WASHINGTON

CONTROLERS for the National Aeronautics and Space Administration (NASA) in Houston are due to send out radio signals today to Skylab still nearly 170 miles high, but falling—in an effort to keep some control over the doomed space station in the final hours before it plunges to earth next month.

chance that a particular person might get hurt—safer than getting out of bed in the morning, the NASA people quip.

As with those road signs that warn of low-flying aircraft, there is little preventive action the individual can take.

NASA itself, while telling the public to keep calm, is hoping for the best while preparing for the worst.



Skylab: Heading home.

FOSS ...better faster weekly Ro-Ro services from UK/Europe to the Middle East

U.S. supports British proposal for conference on refugees

BY DAVID BUCHAN IN WASHINGTON

THE UNITED STATES is to consider increasing the average of 400 Vietnamese refugees a month it has been taking in from Hong Kong, Sir Murray Maclehoze, the British colony's Governor, said here yesterday.

million by the end of the year. While praising the U.S. for setting as many as 7,000 refugees a month, he noted that up to 3,000 were taken in from Malaysia a month, while Hong Kong, which had not threatened to shoot new arrivals, was only allowed an informal quota by the U.S. of about 400 a month.

Each of the countries giving refuge in the first instance to the boat people had particular problems in dealing with the influx.

Simpson HCCADILLY Checkmates A DAKS jacket and trousers in pure wool form a partnership in style that you can take to all the best places.

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Volvo 244DL	£ 5852
Audi 100L 5S	£ 6166
Rover 2300	£ 6384
Ford Granada 2.3GL	£ 6838
BMW 520	£ 7772
Mercedes 200	£ 7822

(Prices are for manual versions including car tax and VAT at the current rate. Correct at time of going to press.)



OVERSEAS NEWS

ANDREW CLARK, in Sydney, examines the scandal which has shaken Australia's police

Murder—and the 'Golden Triangle'

AUSTRALIA, a country which takes pride in a relatively clean system of government, has been rocked by a scandal involving federal and state police forces recently. Two weeks ago, the commissioner of the New South Wales police, and the head of the Federal Narcotics Bureau had resigned, although the latter returned to his job three days later. The resignations are officially unconnected, but both followed allegations of widespread corruption in each force.

contributing to the country's balance of payments problems. Some welfare officials claim that there are now as many as 70,000 heroin addicts in Australia, although these claims are disputed by other observers. Police and court records show drug seizures have grown ten times in as many years. Medical cultivation of marijuana in the district. Police have said Mr. Mackay was probably murdered because he "knew too much".

Muzorewa has talks in Pretoria

THE ZIMBABWE Rhodesian Government last night officially confirmed that Bishop Abel Muzorewa, the Prime Minister, had visited South Africa at the weekend for talks on "matters of mutual concern". Although there was no comment from the South African Government on the meeting, the first trip by the Bishop outside Zimbabwe-Rhodesia, since he became Prime Minister, observers here see it as being the initial contact on the whole range of defence and economic issues which link the two countries.

Iran denies claims of reductions in its oil exports

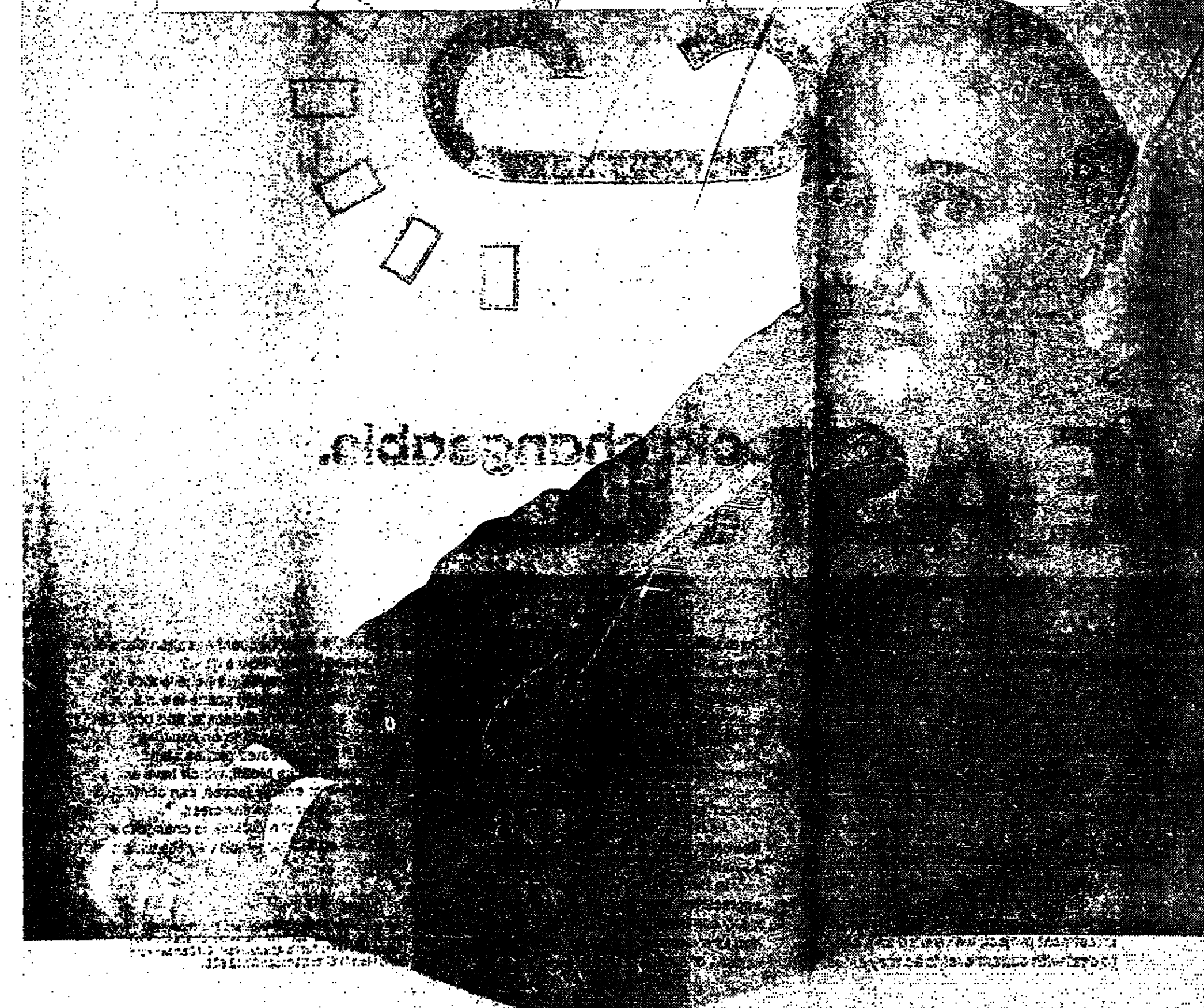
IRAN has accused "western organisations" of trying to divert attention from a possible oil price increase at next week's ministerial conference of the Organisation of Petroleum Exporting Countries in Geneva, by pretending that all economic disorders result from higher oil prices.

"THEIR CREDIT INFORMATION IS ABSOLUTELY RED HOT"

says James Corcoran, Managing Director of Adamson Containers Ltd. of Stockport whose exports to the major shipping countries of the world were running at £6.4m in 1978. "The shipping container industry is still growing rapidly, and it won't level off for another 10 years in my opinion."

us about ECGD. Even if you're selling to people for cash or on letter of credit, it's good to know how sound they are.

"We also like our person-to-person relationship with ECGD. If an urgent problem arises, we can talk direct to their underwriters at the Regional Office. "Finally, of course, in a competitive business where payment terms are vital, we'd be sunk without the access to cheap medium-term bank finance that an ECGD policy gives you. Naturally, we always want a bit more than they're prepared to give, but let's face it, you'd have to go a long way to find anything like it."



Ghana has lost its way, says Rawlings

GHANA urgently needs its senior officers displaced during the military coup two weeks ago, to return to their duties, Mr. Jerry Rawlings, chairman of the Armed Forces Revolutionary Council, said in an interview with the Financial Times.

Israeli fighter-jets buzz South Lebanon again

Israeli fighter-jets buzzed Southern Lebanon from the end to the other yesterday, while its gunboats patrolled Lebanese territorial waters, from the Israeli coast to the Port of Sidon, the State-controlled Radio Lebanon said.

Iranian fighter-jets buzz South Lebanon again

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ECGD insures from date of contract or despatch of goods. Cover is available for contracts in sterling or other currencies. ECGD also insures against... 1919-1979

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WORLD TRADE NEWS

SHIPPING CONFERENCE

End of flags of convenience predicted

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

Flags of convenience will disappear, along with the domination of world maritime trade by a small group of countries within the next 20 years. This was the forecast made yesterday by Mr. Adib Al-Jadir, Director of the shipping division of the United Nations Conference on Trade and Development (UNCTAD).

Mr. Al-Jadir said the agreement by the established shipping countries to a cargo-sharing convention for liner shipping was recognition of the justification of UNCTAD's shipping strategy. This was to raise the share of the world fleet owned in developing countries from its present 8.6 per cent and their share of bulk fleets from 7 per cent.

Aluminium Bahrain management contracts

By Mary Frings in Bahrain

ALUMINIUM BAHRAIN has awarded project management contracts to Kaiser Engineers of the U.S. and Ewbank and Partners of the U.K. for the \$120m plant expansion which will boost production capacity to 165,000 tonnes per year.

SOUTH AFRICA TRADE BALANCE

Gold helps S. Africa reach record surplus

By Quentin Peel in Johannesburg

THE RAPID rise in the price of gold and other minerals, coinciding with a drastic reduction in all imports, produced a record current account surplus for South Africa in the first quarter of the year, totalling R1,066m (£220m).

The value of merchandise exports, excluding gold, actually declined slightly from an annual rate of R8,260m to R8,250m in the latest quarter. The change was the net result of a substantial decline in real exports, almost entirely offset by a substantial increase in export prices.

OECD oil imports seen reaching 37m b/d by 1985

FINANCIAL TIMES REPORTER

SPORTS OF crude oil by the major industrial countries will rise from their present level of around 30.5m barrels per day to 37m b/d in 1985 and 42.3m b/d by 1990, according to Economic Models, the London-based economic forecasting agency. The forecast assumes an average rate of growth of Gross National Product within the member-countries of the Organisation for Economic Co-operation and Development over the next 12 years of around 3.5 per cent.

Danish gas plan finalised

By Hilary Barnes in Copenhagen

THE Kr 6.2bn (\$1.1bn) project to land Danish North Sea gas and distribute it to between 400,000 and 600,000 households in the main urban areas received the final go-ahead yesterday when Mr. Arne Christiansen, Minister of Commerce, signed contracts on the State's own oil and gas distribution company.

Management contracts

By Mary Frings in Bahrain

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South Africa trade balance

By Quentin Peel in Johannesburg

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Delay in China steelworks order for W. Germany

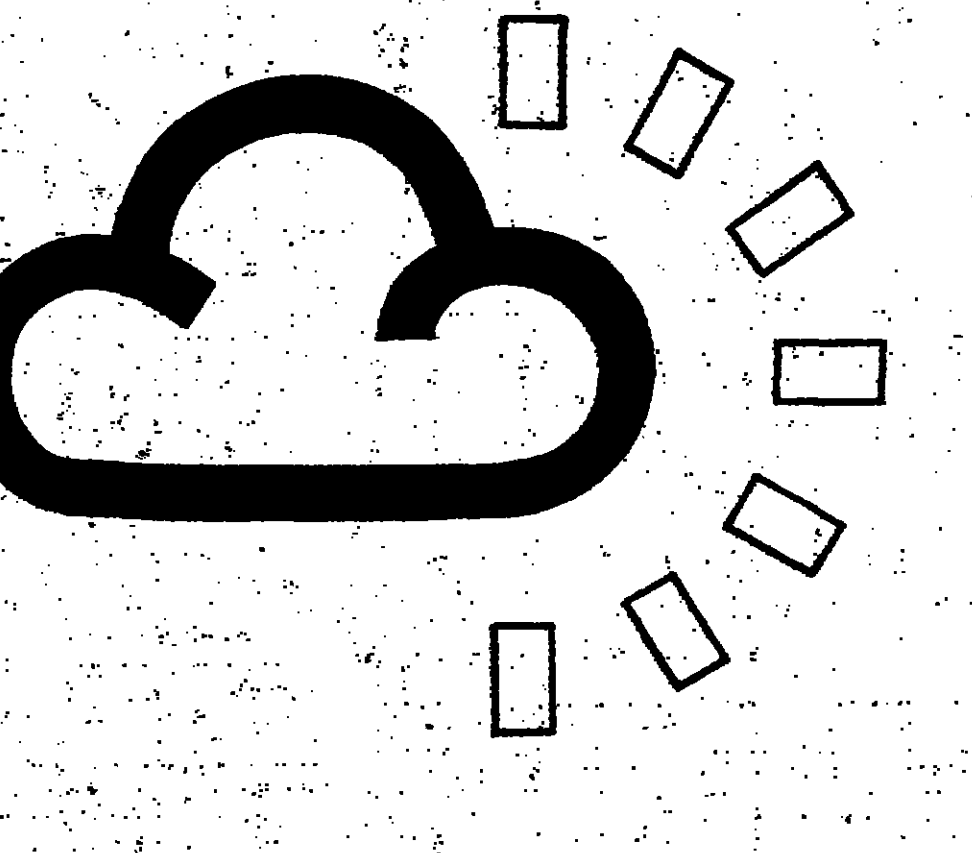
By Jonathan Carr in Bonn

THE WEST GERMAN consortium hoping for contracts from a Chinese to build an extensive integrated steel works in Hubei province is now unlikely to receive firm orders before next year. Furthermore, the total value of the entire project may turn out to be less than the DM 2.8bn (\$1.1bn) suggested when the respective deal was first announced in October last year.

Management contracts

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Outlook: changeable.

GKN-E. Germany in talks on £540m truck project

By Leslie Coult in Berlin

THE CHAIRMAN of Guest-Keen-Nettelbladt (GKN), Sir Archie Heath, has had two days' talks with East German economic officials on East Germany's plans to modernise its truck industry. The project to build and equip new factories at Ludwigsfelde and provide centres for a new range of trucks is estimated to be worth £540m.

Management contracts

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South Africa trade balance

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No offence to the Met Office, but weather forecasting isn't the most reliable science in the world. And no disrespect to our own planning department, but the oil industry has much the same kind of problem: about the only prospect we can forecast with absolute confidence is change. But what change? And how fast?

To explain, for example, why oil companies are now having to limit their deliveries, and to show who really profits from rising oil prices. We've talked about energy costs which are rising and will continue to rise. About the need to switch from over-dependence on oil to alternative energy sources. About the need to become more conservation-conscious.

This is the last of a series on oil and business today. If you would like a reprint of the series, please write to: General Manager Public Affairs, Mobil Oil Company Ltd, 5480 Victoria Street, London SW1E 6QB.





Foreign bid for British Tissues

BY NICK GARNETT AND MAX WILKINSON

FOREIGN companies have begun negotiations for the takeover of British Tissues, one of the big three UK tissue manufacturers. A spokesman for Wiggins Teape, a major shareholder in British Tissues, said: "Talks are taking place with a third party about the future of British Tissues, but they are at too early a stage for us to be able to say anything about them."

Leisure group gives perks to shareholders

FINANCIAL TIMES REPORTER

BARR AND Wallace Arnold Trust, the leisure, motor and computer bureau concern, is the latest company to offer perks to its shareholders. It will give those with more than 250 shares a 7 per cent discount on package holidays, a five per cent discount on hotels and 10 per cent off new cars, it said yesterday.

Talks on Kirkby assets sale

TALKS on the sale of the assets of the former Kirkby Manufacturing and Engineering's central heating radiator business in a U.S. concern may be reopened in a few days after a High Court hearing yesterday. The hearing arose from action started by Henry Blunkey, the shareholders, over the emergence of two new radiator manufacturers said to have bought Kirkby machinery and stocks were put up for sale two weeks ago.

CBI urges tax boost for small companies

BY JAMES McDONALD

THE GOVERNMENT would encourage the creation of more small businesses and the expansion of existing small companies if it made it possible for them to earn as good a return from risk-bearing investment as from Government stock, the Confederation of British Industry said yesterday. A paper from the CBI's Smaller Firms Council setting out for the new Government a "shopping list" of small business policy priorities tells the Chancellor of the Exchequer that the returns on risk-bearing investment should be improved by giving individuals greater equality of tax treatment compared with that given to institutions and investments in industry greater tax equality compared with that given to Government stock. Investors in unquoted companies also should be given the ability of offsetting losses against personal income for tax purposes.

Homes boost for private sector

FINANCIAL TIMES REPORTER

HOUSEBUILDERS EXPECT to start work on slightly more new private sector homes this year than in 1978. In a survey carried out by the Environment Department in March housebuilders forecast that they would start work on 180,000 houses and flats in 1979. This estimate was the same as in the November, 1978, survey. Last year, housebuilders started work on 157,000 homes — a 16.3 per cent increase on the previous year's figures but still well below the 228,000 starts recorded in 1976.

BR catering deficit again

BRITISH RAIL'S train catering service will be in deficit again this year. Losses for the revamped service will be no more than 30 per cent above last year's £4.5m. Mr. Peter Land group managing director of British Transport Hotels, said yesterday. The service, known as Travelers-Fare, has a deficit lower than that in France and West Germany and offers the widest range, Mr. Land said.

Release of public land 'will help revive cities'

FINANCIAL TIMES REPORTER

GOVERNMENT PROPOSALS to release to private developers derelict and vacant land owned by the public sector will make a "real contribution" towards revitalising inner city areas, Lord Bellow, Under Secretary of State for the Environment Department, said yesterday. Lord Bellow, said at the conference of the Institution of Municipal Engineers in Blackpool, that almost three-quarters of the vacant land in the inner city areas was publicly owned.

Sewer system 'needs £250m a year to prevent collapse'

BY PAUL TAYLOR

BRITAIN'S 19th-century sewer system is near to collapse and £250m a year must be spent if further decay is to be avoided, Mr. Dennis Clark, new president of the Institution of Municipal Engineers said yesterday. Mr. Clark highlighted the state of sewers and roads in his presidential address at the start of the Institution's annual conference in Blackpool. He said sewers are "crumbling" and roads are still suffering from the aftermath of winter blizzards. But local authorities were faced with spending cuts which would "pose very serious problems."

Britain may export more coal to Europe

By John Lloyd

PROSPECTS FOR increasing exports of coal from the UK to continental Europe are under discussion by the European Commission's economic and social committee, now meeting in London. The energy section of the committee, which consists of representatives of industry, trade unions, and consumers from the nine member States, are meeting with National Coal Board officials during the three-day visit. The meetings follow an agreement late last month by Energy Ministers from member countries of the International Energy Agency, to burn more coal in power stations as the major step towards reducing dependency on imported oil.

Charities criticised for political commitment

THREE CHARITIES for international relief overstepped the mark in their "political activities" last year, according to the Charity Commissioners yesterday. The charities were War On Want, Oxfam and Christian Aid. War On Want launched a magazine called Poverty and Power and took part in research and promotional campaigns which the commissioners said in their annual report, published yesterday, "lay outside the legitimate scope of the charitable field."

New London Saturday paper

FINANCIAL TIMES REPORTER

A NEW London paper, the Evening Globe, is to start on Saturdays following the withdrawal of the Evening Standard and the Evening News from publication on that day. It will start with a print run of 30,000 copies and a permanent staff of four. It is being launched by Oppenheim Derrick and Co., web offset printers, of Brompton Road, London. Mr. John Derrick, managing director, said: "We make no bones about the fact that we are starting in a small way."

Hooper tribal art fetches £1.8m

THE HEAD of a staff god from the Pacific island of Rarotonga sold for £110,000 at Christie's yesterday, plus 11.5 per cent buyers' premium and VAT. It was the top price in the fourth and final session of the James Hooper collection of tribal art, which totalled £1,824,755. Yesterday's sale contributed £610,813. Hooper, who died in 1971, had the finest collection of Polynesian artifacts in private hands. An Easter Island wooden female figure went for £85,000 and a Rarotonga fan, which went to Nash, the London dealer, for £12,000.

BALANCE OF TRADE

Table with columns: Exports, Imports, Terms of trade, Oil balance. Rows for 1977, 1978, and 1979 (Jan-May).

THE TOTAL current account deficit in the first five months of this year was £1.1bn. A deficit of about £1.7bn on visible trade was partly offset by a surplus on invisibles of just over £600m. This compares with a current account surplus of £600m in the second half of last year and a visible deficit of just over £400m in the same period.

The best official assessment is that after allowing for these distorting influences, the visible deficit might have been about £2bn in the period, roughly £200m more than published. This includes what is regarded in Whitehall as probably an erratically large increase in imports.



BALANCE SHEET AS AT 31ST DECEMBER 1978

Annual General Meeting of 2 May 1979. On 2 May 1979 the Members, Annual General Meeting, presided over by Cav. Lav. Dr. Ing. Carlo Pesenti, approved the Balance Sheet as at 31/12/78. The financial year's results showed a net profit of Lit. 6,353,520,336, resulting after assigning Lit. 18,500m to risk fund of which Lit. 11,500m taxed, depreciations for Lit. 2,500m and a provision of Lit. 7,700m for security depreciations allowing the distribution of a dividend of Lit. 800 per fully paid-up share and Lit. 240 per share paid up 3/10 and the allocation of Lit. 1,800m to reserves increase.

Banks, thus giving new evidence of the esteem and high credit which the Bank enjoys in the international field. In the securities field the results were as usual remarkable, with considerable increases especially in the fixed income sector with particular regard to BOT and CCT. The Shares Market for the first time in years, showed signs of recovery and the Bank was able to register a decisive improvement compared to past years in the exchange activities. The Bank's presence was also constant on the occasion of the various issues of securities on the market.

ASSETS table with columns: Description, Amount. Includes Cash in hand, deposits with banks, securities owned, etc.

LIABILITIES table with columns: Description, Amount. Includes Customers' accounts, banking correspondents, bills for collection, etc.

LIABILITIES table with columns: Description, Amount. Includes Capital and reserves, undistributed profit, contingent accounts, etc.

CAPITAL AND RESERVES: LIT. 104,300,000,000 - REGISTERED HEAD OFFICE: MILAN

Handwritten signature: J. P. ...



# Indicators point to summer boost for economy

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A FURTHER pointer to the possibility of an upturn in the level of economic activity during the summer is provided by new official indicators published yesterday.

The index of shorter-leading indicators—looking ahead an average of about five months to turning points in the cycle of economic activity—rose sharply in April. This was the fifth monthly rise in a row and the index is now higher than at any time since 1973.

There was also a rise, for the third month, in the index which is intended to coincide with economic turning points.

All this supports other evidence—for instance retail sales—indicating that the economy is picked-up since the winter. These indices have to be interpreted with a considerable degree of caution since the data are subject to revision.

The index of longer-leading indicators—looking ahead an average of 12 months to economic turning points—rose slightly during May, though it was at a lower level than during most of last year.

The small rise in this index over the past three months may be a slightly misleading guide to the level of activity in the late spring of next year. Most forecasters expect the economy to be fairly sluggish then.

Indeed, the fall in stock market prices and the rise in short-term interest rates in the past fortnight make it likely that the index of longer-leading indicators will decline during June. A similar trend may be shown when data becomes available for the financial position of the company sector.

# Traders take legal action on shopping centre plan

BY ANDREW TAYLOR

A GROUP of 30 city centre traders in Peterborough is to challenge the local Development Corporation in the High Court over the corporation's proposed 25m shopping centre.

The traders allege that the corporation's proposals are in breach of planning permission. They claim that the original plans for the centre have been altered, and do not now include access to their shops.

The case is expected to be heard later this summer. The corporation yesterday denied the allegations, and said it would oppose the traders' action.

Earlier this year, the corporation warned that any delay could jeopardise the whole project.

The new centre would provide five major stores, space for more than 90 smaller shops and parking for 2,600 cars.

The development, which also includes plans for a bus station, would be one of the largest regional shopping centres in East Anglia.

# Plans to raise lakes' water levels to be probed

PUBLIC inquiry is to be held to study plans by British Nuclear Fuels and the North West Water Authority to raise water level in two Lake District lakes. Mr. Michael Heseltine, Environment Secretary, said yesterday.

The decision to "call in" planning applications for the lakes reflects concern over proposals.

British Nuclear Fuels wants to take more water from Westwater lake for its operations at the Windscale nuclear reprocessing plant and has applied for permission to build a weir at the lake's outlet to raise the water level.

The other main planning application to be considered at the public inquiry is a plan by the water authority to raise the water level in Ennerdale lake to meet increased water requirements in Cumbria.

# Oppenheim clamps down on restrictive trading

BY PAUL TAYLOR

MRS. SALLY OPPENHEIM, Consumer Affairs Minister, yesterday appealed to traders and the public to help the Monopolies and Mergers Commission investigate two anti-competitive trading practices.

The practices are full-line pricing—making a customer buy the full range of a supplier's goods and services, linking one product or service to the sale of another.

Mrs. Oppenheim said the commission's current investigation would be a "useful complement" to new powers the government would introduce shortly. Bad practices would be looked at case by case.

"I ask anyone who has views on these practices to pass them on to the commission, giving examples where possible," she said.

Such practices were "not just the concern of the business world," but everyone, because they affected the price and choice of goods and services.

The Government intends to strengthen the powers of both the Director General of Fair Trading and the Monopolies and Mergers Commission.

# Peabody Holmes wins refuse converter order

PEABODY HOLMES, with sister company Peabody AS of Sweden, has won a £3m contract to design and build plant and equipment which will convert domestic refuse into agricultural compost.

The plant, for the Swedish Mälarsjöarna community (pop. 40,000), is supplied on a turnkey basis, and will process 250 tonnes of refuse daily. In addition to producing compost, the plant will also process combustible industrial and commercial waste for use as fuel. The installation should be fully operational in 1981.

Orders from Poland worth £1m have been won by LANSING. Two Polish companies which distribute perishable goods have ordered 51 Lansing Bergall cold-tore trucks, worth 200,000. Polish ports have ordered 10 Lansing Henley and our Heron fork lift trucks, worth £250,000. Polish sold-tires have also ordered parts totalling £250,000.

FRENCH KIER CONSTRUCTION (French Kier Group member) has been awarded a 738,000 contract by the London Midland Region of British Rail for a roof inspection platform at Pancras Station. The contract includes the design, manufacture and installation of permanent access trolleys to run on beams fixed to the roof.

SRAHAM MILLAR GROUP has secured a contract worth 2,000,000 to install an asphalt plant in Essex for Cawood Road Materials.

The industrial finishing division of CARRIER ENGINEERING has an order worth more than £400,000 to supply two paint finishing lines for Coles Cranes' Sunderland factory—one for cranes up to 150 tonnes and the other for cranes up to 50 tonnes.

COSTAIN CONSTRUCTION has won a contract worth almost £250,000 to extend Water Orton School for Warwickshire County Council. The work, which includes six classrooms, a library, music room, and showers, as well as playgrounds and landscaping, has started, and is due for completion in January.

Japan has placed an order for 80 farm balers, worth more than £180,000, which will be made at the Denzetsu plants of INTER-NATIONAL HARVESTER. They are the low-profile type, shaft-driven, with a 1.5 metre wide pick-up and an all-welded bale chamber.

Orders worth £175,000 for three Conserv-a-trieve automated parts and documents storage and retrieval systems have been placed with VICKERS' automated systems division, Swindon. France's biggest bank, Credit Agricole, is buying two systems for storing office supplies in a building just being completed in Lyon. The other order has been placed by Sperry Vickers for tools storage at Havant.

Work has started on a 5,000 sq ft factory for the Development Commission at Victoria, Cornwall. The contract, worth about £120,000, has been awarded to TILBURY CONSTRUCTION, and completion is planned for December.

MAGNATEX has an order worth more than £100,000 to supply interior prismatic rear-view mirrors for vehicles assembled in Belgium by the Japanese Honda company.

# Benefit supplements revision urged

By Paul Taylor

THE GOVERNMENT was urged yesterday to simplify the supplementary benefits system before the service breaks down.

The Supplementary Benefits Commission, responding to a review of the system conducted by civil servants and published last July, suggests a wide range of reforms designed to simplify the system and give claimants more rights.

The commission said that the system is close to breaking point in some areas. Professor David Donnison, commission chairman, said yesterday that unless the system is simplified "it will be impossible to maintain acceptable standards for people in Britain who are in real need."

The main points made by the commission to the Government include a new legal structure for the supplementary benefits scheme ensuring its rules are fully published and approved by Parliament, extra help for families with children, less reliance on discretionary powers.

Mr. Reg Prentice, Social Security Minister, said yesterday that the commission's views would be considered "within the framework of the Government's wider economic policies."

Response of the Supplementary Benefits Commission to "Social Assistance," HMSO £1.

# Plessey drops bid to link with American company

BY MAX WILKINSON

PLESSEY, the electronics group, has abandoned its attempt to form a joint venture with the U.S. General Instrument Microelectronics to take over its integrated circuit operations.

The indications are that Plessey now intends to go it alone in this expensive and competitive sector of the electronics industry.

After a turbulent time which included talks with the National Enterprise Board and GEC about selling off its integrated circuit operations, Plessey has hired Dr. Melvin Larkin, chairman of Motorola (UK), to head its components division.

It is unlikely that Dr. Larkin would have accepted the job without an undertaking by Plessey that it intends to provide substantial funds to make a success of the integrated circuit business.

Last year Plessey offered the business, which is estimated to have had sales of about £9m, to GEC, but a price could not be agreed between the two companies.

Shortly afterwards, GEC announced that it had hired the head of Plessey's components division, Mr. Derek Roberts.

Mr. Roberts has become head of GEC's Hirst Research Centre which has included the company's relatively small integrated circuit operations.

The future of Plessey's integrated circuit plant will probably not be decided in detail until Dr. Larkin takes up his new job next month.

One of the main dilemmas facing him will be what to do with the new magnetic bubble technology which Plessey has developed in competition with some of the leading microelectronics companies in the world, including Texas Instruments, Rockwell International, and Intel of the U.S.

Bubble memories are capable of storing an extremely high density of computer data in a very small space. Intel and Rockwell have already announced a component capable of storing 1m items of information on one small component.

If Plessey wishes to stay in the race against these very strong rivals, a substantial investment will be needed to produce the memories in high enough volume for the international market.

# Building leaders fear Budget cut effects could prove greater

BY ANDREW TAYLOR

BUILDING INDUSTRY leaders fear public spending cuts on construction work could be deeper than those announced in the Budget.

The National Federation of Building Trades Employers and the National Council of Building Material Producers fear that local authorities, faced with an effective £335m reduction in Rate Support Grant, will cut capital spending on construction work rather than spread the load.

Building leaders say that this would come on top of the capital spending cuts announced by the Chancellor in the budget.

The NFBTE says that between 15 per cent and 20 per cent of the £1.1bn spending cuts announced by the Chancellor will come from capital construction programmes.

Critical

It said that the budget measures were inadequate and had failed to encourage private sector demand. This was particularly important if the private sector was to replace work lost through public expenditure cuts.

The NFBTE was particularly critical of the £55m cut on water industry spending given the poor state of the country's sewerage network.

The Federation said that the key issue facing the industry was the reaction of private sector demand over the next 12 months. This area has been steadily recovering, it says, but would now be tested by the tight squeeze announced in the Budget.

It said that higher interest rates would reduce funds available for house purchase, increase building costs and reduce incentive for capital investment in construction. The rise in VAT would also increase the cost of home improvement work.

The National Council of Building Material Producers also fears that public sector construction cuts for 1979-80, officially stated at £250m, may be even higher as a result of the reduction in Rate Support Grant.

The BMP in its latest information bulletin says that "public authorities faced with tough cash limits may make further cuts in capital expenditure rather than reducing inessential current spending."

# Nissan to aid Japanese studies at Oxford

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

JAPANESE STUDIES at Oxford University will be extended with the help of Nissan Motor, maker of Datsun cars and the Japanese motor industry's largest exporter to Britain.

The size of the endowment, which will include a new professorship, is not being disclosed until the official announcement is made in Tokyo this morning.

But sums of about £1m each were donated to the London School of Economics last year by the Toyota group—the only Japanese motor company bigger than Nissan—and the Sunbury drinks concern.

Unlike the Toyota-Sunbury gift which was to establish an international centre for economics and related studies, the Nissan foundation is understood to be specifically for the development of Japanese studies in the UK.

Oxford has been chosen for the development, although when Nissan and the Japanese Government first mooted the scheme last year, the Department of Education and Science asked that the endowment be distributed among two or three British universities including, at least one recent foundation.

# How do you address Catherine the Great?



With the Postcode of course. You're not properly addressed without it!

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# UK NEWS

## Ford decides to retain its tractor operations

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD tractor plant employees have been told that the business is no longer up for sale. And the U.S. Board has approved the most ambitious new product programme for 15 years.

The main tractor plants affected are at Basildon, Essex, where 4,650 employees produce more than 47,500 tractors a year and Antwerp, Belgium, where 3,700 employees produce 27,500 tractors annually.

Ford Tractor also has plants at Romeo, Michigan—where output is around 38,000—and in Brazil and Mexico which between them turn out about 12,000 tractors a year mainly from kits supplied from Britain.

Ford studied several offers for the tractor operations after it became known unofficially it might be a willing seller.

The group has been looking at ways to save money because of the huge sums it must find to finance its new U.S. car programme which has to meet increasingly stringent fuel economy and pollution control legislation.

Ford estimated recently that it expects to spend \$20bn on product programmes between 1978 and 1985, of which about 80 per cent would go towards meeting U.S. Government regulations. This compares with \$6bn, of which 25 per cent went

to meet the regulations, in the 1970-1977 period.

The company said that the future high capital expenditure burden had meant it was exploring several alternatives to reduce spending, "including the sale of the tractor operations."

However, it said, after a complete study the Board decided that tractor operations are a vital element of the company and its interests will be served best by continuing aggressively in the tractor business.

The company is ending all discussions concerning the possible sale of the tractor operations and is not interested in receiving any further offers.

## Lower used car prices forecast

By Kenneth Gooding, Motor Industry Correspondent

THE BRITISH Car Auctions group predicts lower second-hand car prices later this year owing to a flood of ex-lease vehicles on the market.

Mr. Michael Richardson, managing director of BCA, said the boom in vehicle leasing which followed a relaxation of regulations last June, could soon create problems for used-car dealers.

"Most of the vehicles were contracted out on a two- or three-year term. Completion of the first of these leases will be this autumn and from then on they could flood the second-hand car market."

"The result of such disposal, if unorganised, could be severely depressed prices."

### Competitive

Another indication that the UK used car market is likely to become more competitive over the next few months has been given by the Hertz rental concern.

Hertz is raising the warranties on cars offered for sale at its retail outlets in Britain to 24 months or 24,000 miles from 12 months or 12,000 miles. The company has retail sites in London, Norwich and Wolverhampton.

New Issue  
June 20, 1979

All of these bonds having been placed, this announcement appears for purposes of record only.

## INTER-AMERICAN DEVELOPMENT BANK Washington, D. C.



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7¾% Deutsche Mark Bonds of 1979, due 1986

Offering Price: 100%  
Interest: 7¾% p.a., payable on July 1 of each year  
Repayment: on July 1, 1986 at par  
Listing: Frankfurt am Main, Berlin, Düsseldorf, Hamburg and München

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**Dresdner Bank**  
Aktiengesellschaft  
also for  
Bank für Handel und Industrie  
Aktiengesellschaft

**Westdeutsche Landesbank**  
Girozentrale

**Bayerische Vereinsbank**

**Bankhaus H. Aufhäuser**

**Bank für Gemeinwirtschaft**  
Aktiengesellschaft

**Bayerische Hypotheken- und Wechsel-Bank**

**Bayerische Landesbank**  
Girozentrale

**Joh. Berenberg, Gossler & Co.**

**Berliner Bank**  
Aktiengesellschaft

**Berliner Handels- und Frankfurter Bank**

**Bankhaus Gebrüder Bethmann**

**Delbrück & Co.**

**Deutsche Girozentrale - Deutsche Kommunalbank - Georg Hauck & Sohn**

**Deutsch-Südamerikanische Bank**  
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**DG Bank**  
Deutsche Genossenschaftsbank

**Merck, Finck & Co.**

**Hessische Landesbank**  
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B. Metzler seel. Sohn & Co.

**Landesbank Rheinland-Pfalz**  
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Norddeutsche Landesbank  
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Aktiengesellschaft

**Schröder, Münchmeyer, Hengst & Co.**  
**M. M. Warburg-Brinckmann, Wirtz & Co.**

**Trinkaus & Burkhardt**  
**Westfälische Bank**  
Aktiengesellschaft

## Ethnic groups to grow

PEOPLE OF New Commonwealth and Pakistani origin are likely to form about 5 per cent of the British population in 1991, according to Government statistics published yesterday.

The Office of Population Censuses and Surveys' figures are based on a range of assumptions about immigration, birth and death rates and show the New Commonwealth and Pakistani ethnic origin population in Britain increasing from 1.042m in 1975 to between 2.471m and 2.938m by 1991.

## Taxis up 10%

TAXI FARES in Norwich went up by 10 per cent yesterday through higher VAT and petrol prices. Drivers had asked for a 25 per cent rise. The city council will review their fare structure before allowing more.

## Southwark considers new site for £28m town hall

BY PAUL TAYLOR

THE London Borough of Southwark may select an alternative site for its controversial new town hall.

Plans to build the £28.5m town hall complex at Peckham were completed earlier this year, in spite of opposition from local ratepayers and a split in the ruling Labour group on the council. Final costs for the project could reach £50m.

Ratepayers were angered when £2.15m was added to the

local authority's 1978/80 budget to help pay for the hall. A public inquiry is to be held into the proposal. There are fears that this could delay the project and add to its cost.

Yesterday the council confirmed that it was considering an alternative site owned by the Greater London Council at the Elephant and Castle.

It is unlikely that a public inquiry will be held if the new site is chosen. Southwark may make the project less ambitious.

## State puts £100,000 in ladders

By Our Welsh Correspondent

THE WELSH Development Agency has celebrated its reprieve by the Government with a £100,000 investment in a new lightweight ladder system which is being developed in North Wales.

The investment is in Pak-A-Ladder of Gaerwen, Anglesey. The system can be assembled into many shapes including a step ladder and trestles.

Mr. Peter Hughes, the inventor and company's managing director, plans to apply the idea to scaffolding and workbenches.

Mr. Nicholas Edwards, Secretary of State for Wales, told Parliament recently that there would be no radical change in the role of the WDA, the Welsh equivalent of the National Enterprise Board.

The Government would introduce legislation to limit the agency's powers to buy into profitable companies and to ensure it did not hold equity shareholdings on a permanent basis. He also gave an assurance there would be no change in the role of the WDA's country cousin, the Development Board For Rural Wales.

## Buoyant cash level for Lakes

THE LAKE District Special Planning Board had an excess of income over expenditure of £98,000 in 1978-79, the Board's finance committee was told yesterday.

Gross expenditure was £1.43m compared with income of £1.33m. Capital expenditure on development, forestry and access was £201,647. Revenue expenditure totalled £1.13m, a third of which was for development, forestry and access, a third for information and publicity and a third for planning services and administration.

A second defendant, Anthony Peter James Scott, 53, of Woodhurst Road, Acton, West London, who faced similar charges, was also acquitted on the judge's direction.

Judge Leonard told the jury he was concerned whether there was evidence as opposed to suspicion or guesswork. "The conclusion I have come to in relation to both defendants on all counts is that there is no such evidence." The allegation against both men was the serious criminal offence of conspiracy to defraud. The purpose of such an operation had to be

## North Sea oil benefits 'hit trade balance'

BY OUR ECONOMICS CORRESPONDENT

MORGAN GRENFELL and Co., the merchant bankers, has criticised official North Sea oil policy for turning a singular benefit into a major problem which threatens the competitive position of the UK manufacturing sector.

In the bank's latest economic review, Mr. John Forsyth, the chief economist, argues that this reversal is because of an unwillingness to consider the impact of North Sea development on the structure of the UK balance of payments.

The three main elements of official policy since 1976 have been firm control of the money supply; a large public-sector borrowing requirement and the maintenance of capital controls. These have combined to ensure that the impact of the improvement in the UK's oil account has led to a deterioration in the non-oil current account.

A substantial rise in the real exchange rate has affected trade volumes to such an extent that a rise in consumption of over 7 per cent has been consistent with a fall in manufacturing output.

"Because official policy was not prepared to contemplate either a deterioration in the private capital account or heavy official intervention in the repayment, the burden of adjustment has fallen on the UK manufacturing sector, for the only uncertainty has been how far the exchange rate must rise before market share is lost."

Mr. Forsyth argues that the problem threatens to become more acute because of the crude oil price rise. Consequently, the extra benefit to the balance of payments from North Sea oil this year now looks like being around £3bn, compared with earlier estimates of £1.2bn. This could have a substantial impact on the sterling exchange market.

If official intervention is limited to technical operations the market imbalance from oil production must drive sterling to a level where there is a substantial short-term trading loss.

Mr. Forsyth says there is a strong case for official intervention to smooth the impact of

the jump in value of oil production on the exchange market and the structure of the economy.

One problem is that intervention may be financed by the creation of money. While the underlying domestic borrowing requirement remains large, the authorities will not be in a position to offset North Sea oil production by intervention, either through reserve accumulation in the way the German authorities offset their current account surplus, or via official debt repayment.

The most obvious way to finance intervention would be for the State to use its share of the economic rent derived from North Sea oil to finance its exchange market intervention. But Government participation in North Sea profits is belated.

The authorities are deprived of revenue when they need to intervene, while monetary policy will be strained by the rapid growth of balances held by oil companies against future liabilities, says Mr. Forsyth.

## List prepared of EEC laws affecting trade

A DIRECTORY listing all EEC laws affecting trading standards has been prepared by the Institute of Trading Standards Administration for the benefit of the 1,500 trading standards officers in England and Wales.

The directory is believed to be the first of its kind and a supplement is to be provided for Scotland and Northern Ireland.

The directory lists 520 pieces of law, of which 246 are directly attributable to Britain's membership of the EEC. A further section of the directory will detail laws, regulations and directives being prepared.

Trading Standards Legislation: Institute of Trading Standards Administration, Westminster Council House, Marylebone Road, London, NW1, £2.

## Bob Monkhouse acquitted on 'pirate film' charges

BOB MONKHOUSE, the comedian, was acquitted on "pirate film" charges at the Old Bailey yesterday, after Judge John Leonard ruled there was insufficient evidence against him.

The judge stopped the trial after three days of legal argument in the absence of the jury. He told them there was no clear evidence that Mr. Monkhouse, 49, of Eggington, near Leighton Buzzard, Bedfordshire, intended to cause economic loss to film companies by defrauding them of hiring fees.

A second defendant, Anthony Peter James Scott, 53, of Woodhurst Road, Acton, West London, who faced similar charges, was also acquitted on the judge's direction.

Judge Leonard told the jury he was concerned whether there was evidence as opposed to suspicion or guesswork. "The conclusion I have come to in relation to both defendants on all counts is that there is no such evidence." The allegation against both men was the serious criminal offence of conspiracy to defraud. The purpose of such an operation had to be

to cause economic loss.

The only evidence that Mr. Monkhouse did anything which might have been to the economic detriment of film companies was that he loaned a 16 mm copy of the James Bond film "Goldfinger" to his friend Terry Wogan, the radio and television personality. Mr. Wogan showed the film at his son's birthday party.

"That is not the sort of evidence which, in my view, justifies you coming to the conclusion that Mr. Monkhouse is guilty of conspiracy to defraud film distributors of their hiring fees," the judge said.

### No evidence

He could not find evidence which he could "safely and conscientiously" leave in their hands, or on which they could justifiably be asked to convict on serious criminal charges.

The judge said the Crown had conceded that if Mr. Monkhouse was not guilty, it could not invite the jury to convict. Mr. Scott said: "There are a number of intangibles in this case. There is no clear evidence

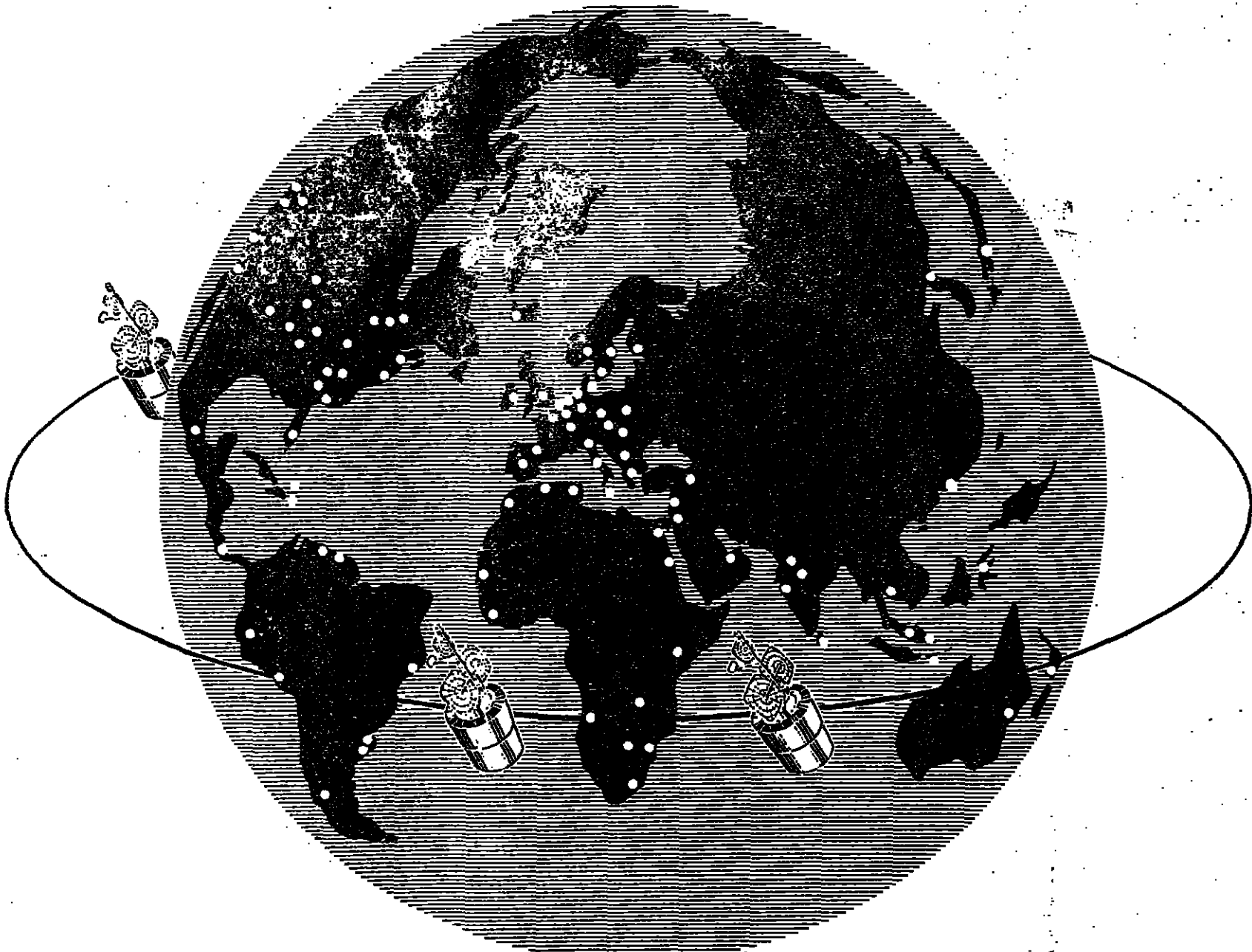
on which you would be entitled to conclude the dishonest or the criminal interpretation to be the right one.

"That being so, it would mean you as a jury would have nothing to work on."

The judge said that a letter which Mr. Monkhouse wrote to Jersey Customs contained "mis-statements" about the contents of packages of film arriving at the airport. But there was no evidence Mr. Monkhouse knew the letter was misleading. "If he knew it contained a pack of lies, he was taking a most extraordinary risk," the judge said.

The judge acceded to an application by Mr. Anthony Hidden, QC, and awarded costs to Mr. Monkhouse, who had pleaded not guilty to five counts of alleged conspiracy to defraud. Mr. Scott pleaded not guilty to two counts.

Both were alleged to have conspired to defraud Columbia Warner Distribution Ltd., the Film Distributors' Association Ltd., 20th Century Fox Film Co. Ltd. and other film distributors of hiring fees between January 1976 and October 1978.



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Technical Centre, which is one of the most advanced computer centres in the world. This year we are doubling the capacity of the communications we use internationally to carry stock and commodity market prices, so that we can increase speed and volume.

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Our international connections and investment will ensure your future competitiveness.



**World markets as they move.**

Handwritten signature or mark at the bottom of the page.



UK NEWS - LABOUR

Low used prices forecast

ICI 'final' offer of 16 1/2% rejected by manual workers

BY NICK GARNETT, LABOUR STAFF
DIFFICULTIES in pay negotiations for the chemical industry appeared to worsen yesterday...

BL parity plan may upset blue-collar men

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT
BL CARS has put forward pay proposals which it hopes will head off unrest among its 20,000 staff...

Railmen told to act on fuel

ALL TRANSPORT unions should mount pressure to ensure that there will be enough fuel for essential rail and road services...

Prestcold men to accept closure

BY RAY PERMAN, SCOTTISH CORRESPONDENT
WORKERS AT Prestcold's two Glasgow factories, which are threatened with closure in September...

Chocolate plant hit by strike

A 24-HOUR strike halted chocolate production at the Cadbury factory in Bourneville, Birmingham, yesterday.

Big pay rise 'would hit Tube fares and services'

BY OUR LABOUR STAFF
LONDON TRANSPORT Executive warned yesterday that significant cuts in the Underground services and heavy fare increases were likely if pay claims by three rail unions of 17 to 20 per cent were met.

Dockers' dispute halts Liverpool port freight

THE PORT of Liverpool was at standstill yesterday apart from postal traffic areas where two stevedoring companies are operating.

Court move to end truck company blacking

INDUSTRIAL ACTION by members of the Society of Graphical and Allied Trades was causing substantial damage to PBDS (National Carriers), the High Court was told yesterday.

The Alfa factor...

Advertisement for Alfa-Laval featuring a large image of a factory building and a large Alfa-Laval logo. Text includes 'healthy process plant - fewer management headaches' and 'Infinite solutions to process problems'.

EDUCATIONAL

Westbury House International School for Boys
Some vacancies occur for summer school students July/August 78.

RESIDENTIAL PROPERTY

BELGRAVIA
Delightful luxury house in exclusive private square of Eaton Terrace.

ART GALLERIES

NEW GALLERY, 43 Old Bond St., W.1
NEW GALLERY, 40, Albemarle St., W.1

TRAVEL

GO THROUGH THE CUSTOMS on official canal boat...

PERSONAL

OFFICE CENTRES, 2 miles from Heathrow...

COMPANY NOTICES

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDR) IN THE SHARE CAPITAL OF THE COMPANY...

PUBLIC NOTICES

STRATHCLYDE REGIONAL COUNCIL
£6,000,000 Bills issued on 20th June 1979...

SECRETARIAL APPOINTMENTS

SAUDI ARABIA P.A. to M.D. £70,000
Male For a two-year contract...



# Prior admits trend to higher unemployment

BY IVOR OWEN

A BLUNT new warning to the unions that excessive pay settlements will result in workers pricing themselves out of their jobs was given by the Prime Minister in the Commons yesterday.

It came on top of an earlier admission by Mr. James Prior, the Employment Secretary, that on current trends unemployment is likely to be higher in twelve months time than at present.

There was an angry reaction from Labour MPs who intensified their attacks on the Government's economic strategy and the "tax handouts" provided for the higher paid in the Budget.

Mrs. Thatcher, who announced that she will be meeting the economic committee of the TUC on Monday, again kept her options open when questioned about the possibility of the Government introducing a pay freeze.

But she made it clear that she intends to do everything possible to avoid being forced into taking such a course.

If wage levels went very high indeed, without increased output, the result would be increased unemployment, she declared.

But the Prime Minister refused to be tied down when Mr. Donald Stewart (SNP Western Isles) pressed for an assurance that under her Government there would be no pay freeze and no incomes policy.

"I don't rule things out for-

ever," she replied. But she promised to "struggle against" the introduction of a pay freeze or incomes policy.

"I believe it is far better for people to be faced with the consequences of their own wage claims than to try to save them from it," she insisted.

The Prime Minister flatly refused to confirm a report that the Government was engaged on constructing a pay policy which would operate under some other name.

She said: "The only incomes policy I am interested in is an output policy to get increase in output at competitive prices. That is the only way in which we will get a rising standard of living in this country."

The Budget, which had taken 1.5m people out of tax altogether throughout the wage scale so that they would all be able to keep more of their own money in their own pockets to spend in their own way was a first step towards the achievement of this objective.

Mrs. Thatcher argued that the all-round benefits provided by the TUC, she endorsed the recent declaration by Mr. James Callaghan, the Labour leader, that it would be wrong for the unions to try to use their power to bring down the Government.

This was a view which should be accepted by everyone in a Parliamentary democracy, and she believed that it was shared by the vast majority of trade unionists in Britain.

Mr. Dennis Skinner (Lab., Bolsover) maintained that the Government had no mandate to increase VAT to 15 per cent. He contended that those adversely affected had a right to defend themselves, whether inside Parliament or outside.

The Prime Minister answered that Parliament was the right place for Mr. Skinner to pursue his particular views. "We certainly have a mandate for reducing direct taxes and for increasing indirect taxes."

Mrs. Thatcher, who told MPs that she also hoped to meet CBI leaders soon, looked to the membership of the national forum which the Government proposes to establish for wide ranging discussions on economic policy, going beyond the CBI and TUC.

She agreed wholeheartedly with Mr. Tim Renton (C, Mid-Sussex) that the acquisition of shares by employees was a far better route to worker participation than the appointment of union-nominated directors.

The Prime Minister said: "It is our wish that people who work in industry, whether public or private, should make more strides in being real capital owners themselves."

In giving his forecast that unemployment is likely to be higher in 12 months time than at present, Mr. Prior refused to be drawn into making precise estimates.

Labour MPs failed to secure confirmation of reports that the numbers out of work could reach as high as 2m.

# Tories stress educational choice

THE Government was not prepared to stand by and allow destruction of schools which had proved their worth, Mark Carlisle, Education Secretary, said yesterday, opening the second reading debate on the Education Bill.

The Bill scraps sections of Labour's 1976 Education Act requiring education authorities to reorganise secondary schooling on comprehensive lines.

It restores to local authorities the right to choose the kind of secondary education they want in their own areas, said Mr. Carlisle.

"Its sole purpose is to remove the compulsion placed on local authorities and governors of voluntary schools to reorganise their secondary schools on comprehensive lines."

It neither forced the re-introduction of selection nor reflected Government hostility to comprehensive schools. Nor did it prevent local authorities from switching to a comprehensive system in the future.

"It is our belief that local authorities and local people, and not Government, are best placed to determine the most suitable form of secondary education in their area," said the Education Secretary.

The Bill was attacked as "short, mean and brutish" by Mr. Gordon Oakes from the Opposition front bench. "I am contemptuous of this squalid and venomous little Bill."

It fully expressed the Tory philosophy of privilege for the few and hardship for the many.

"It will create two nations socially," he said.

The Bill was running against the mainstream of the country's educational system and would undermine that system, said Mr. Oakes.

Liberal education spokesman Alan Beith (Berwick on Tweed) accused the Government of "looking for a way of striking an anti-comprehensive posture without actually doing or saying anything in particular."

It was seeking to "provide a sop" to its own members, and a number of local authorities who wanted to be able to maintain their anti-comprehensive posture.

He would advise his colleagues to have "nothing to do" with the Bill, Mr. Beith said.

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# Kiribati republic finally agreed

INDEPENDENCE for the Gilbert Islands in the form of a new Kiribati republic was finally agreed in the Lords yesterday, despite a sustained campaign in both houses of Parliament.

Labour peer Lord Brockway put the case of the Banaban Islanders, who do not want to be included in the new republic.

Seeking to exclude their homeland of Ocean Island from the Kiribati Bill, he told the Lords: "The Banabans will be incorporated unilaterally within the Gilbertese independence, and incorporated against their will. The door will be slammed."

But Lord Tregear (C) assured peers that the islanders' rights on their homeland would not be affected by independence.

The Bill now requires only Royal Assent to become law in time for the target independence date of July 12.

**Challenge to rates policy**

THE GOVERNMENT is to be put on the spot by one of its own backbenchers over its attitude to the rating system.

Mr. Richard Shepherd, one of the new Tory MPs, is using his position in the ballot of Private Members' Bills to promote a Bill which would abolish the rating system.

Since Mr. Shepherd came only 19th in the ballot, his Bill stands little chance of getting on the Statute Book, even if the Government supported it, which is not likely.

But it may oblige Ministers to spell out their views on rates and so demonstrate just how Conservative policy has changed in the last five years.

**Prior offers help to James**

EMPLOYMENT Secretary James Prior is maintaining "close touch" with the deadlocked dispute which closed Times Newspapers, MPs were told yesterday.

Mr. Patrick Mayhew, Employment Under-Secretary, said Mr. Prior was willing to offer any assistance which seemed likely to help towards resumption of publication.

Mr. Christopher Price (Lab., Lewisham W.) had asked an exception to the Government policy of "letting incompetent managements suffer the consequences of their own folly."

# Lords warned of dismal economic inheritance

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A GRIM description of the state of the economy which the Tories inherited from the Labour Government was given to the Lords last night by Lord Cockfield, Minister of State at the Treasury.

His words echoed those of the Chancellor, Sir Geoffrey Howe, who painted a similar picture when he wound up the Budget debate in the Commons.

Lord Cockfield also declared that excessive pay demands could mean workers pricing themselves out of jobs, underlining the warning given to the Commons earlier in the day by the Prime Minister.

Speaking in a debate to take note of the Budget, Lord Cockfield said that the proposals contained in it were the most important since the Lloyd George Budget of 1909/1910.

That Budget had led to increasing Government expenditure and taxation and to the economic decline "which is now beginning to stare us in the face."

The last five years had seen an acceleration in that decline with slower growth, higher inflation and higher unemployment.

On all counts, our record was worse—in some instances much worse—than our main competitors," he commented.

But not until the present Budget had anyone realised the extent to which the situation

had deteriorated since the onset of last winter.

"It is clear that the path along which we have been travelling offers no solution to our difficulties," he went on. "On the contrary, it only holds out the prospect of further decline. If nothing were done, we should soon find ourselves facing a situation not simply of relative decline but of decline in absolute terms."

Successive governments in Britain had been determining their expenditure first and then regarding it as their duty to raise the revenue to meet that expenditure or of taking refuge by printing money.

But now the public was revolting against this "fool's paradise."

There were cries of support when he declared firmly: "In future, it will be the level of taxation which people are prepared to pay which will dictate the level of expenditure."

The Government was determined to re-establish sound money. There was a great deal of inflation in the system as the result of Labour policies and it was only by the vigorous action announced in the budget that it would be squeezed out.

He did not believe that if the Retail Price Index went up, union leaders would seek compensation in wages without regard to income tax cuts.

The Government believed that unions and employers would bargain responsibly and with full regard to the consequences for their companies and union members.

"With strict control over monetary and fiscal policy, the employer who accepts an excessive pay settlement damages his own profits and puts the viability of his business at risk," he warned.

"The employee who insists on an excessive settlement damages the company for which he works and puts his own job in jeopardy."

From the Opposition front bench, Lord Bruce of Donington argued against the Government's strategy. He maintained that the figures in the Red Book which accompanies the budget showed that the tax changes must contribute powerfully to inflation.

He predicted that there would be "many a U-turn" by the Government as the result of factors which it had failed to take account of.

It was a little odd, he said, that the greatest benefit of the income tax cuts went to those on high incomes.

He saw no certainty that the so-called incentives and inducements in the budget would result in the higher investment which the Government said was desirable.

# MPs seek veto on loan to Nicaragua

By Elinor Goodman

LABOUR MPs are demanding that Britain should reconsider its decision to approve a \$30m IMF loan to General Somoza's troubled regime in Nicaragua.

The loan was endorsed last month by Britain's IMF representative, Mr. Bill Rytie.

Last year, a similar loan was vetoed with the help of the British Government. Now two of the Labour Ministers involved in last year's decision, Mr. Donald Davison and Mr. Ted Rowlands have tabled questions asking why Britain is now agreeing to lend money to a country whose corrupt Government seems on the point of collapse.

Mr. Davison has suggested that discussions should be held with Mr. Rytie to see whether the loan should be reconsidered.

Lord Avebury, chairman of the Parliamentary Human Rights Group, also has tabled a question asking the Government whether it considers the President Somoza enhances the credit-worthiness of his regime by bombing his own capital and massacring his citizens. He then goes on to ask the Government if it will try to revoke IMF approval of the loan.

Yesterday, Mr. Davison claimed that it damaged the IMF's reputation to lend money to such a "Fascist" regime.

# Debate wanted on reform reports

BY ELINOR GOODMAN

BACKBENCHERS are to ask the Government for an assurance that it will set aside time for debating the reports produced by the proposed new permanent watchdog committees, members interested in reforming the procedures of the House of Commons are debated on Monday.

The idea of paying the chairman of the new committees the same salary as junior Government ministers may also be raised.

The motion, which would lead to the creation of 12 new full-time committees to monitor the work of individual government departments, will be supported by the Opposition front bench.

Mr. Merlyn Rees, who was given responsibility for House of Commons affairs in Mr. Callaghan's Opposition team, will lead for Labour even though he is understood to be personally sceptical as to whether the new committees

really will have much impact on the bureaucrats of Whitehall.

Having had 24 hours in which to digest the Government's proposals, the reaction yesterday of most backbenchers interested in reforming the procedures of the House of Commons was still basically favourable.

The feeling was that Mr. Norman St. John Stevas, the Leader of the House, had done well to get the proposals approved by Cabinet despite the opposition of some of his colleagues.

Some amendments to the Government's motion have already been tabled but they will not affect the basic idea behind the new committees.

Rather than getting amendments approved, some backbenchers seem more interested in extracting policies.

Members of the Procedures Committee, which produced a report last summer calling for a number of other changes to the procedures of the House as well

as the reform of select committees, will press Mr. St. John Stevas to promise a debate on the rest of their recommendations in the autumn.

They will also want a commitment from him that he will not allow reports on the new committees to gather dust and that he will put aside eight days a year for debating them.

But while MPs yesterday welcomed the proposals, a report was published by the Trade Policy Research Centre, the privately funded body set up to promote the discussion of economic issues.

The report warned that it was not good enough to concentrate on the case for a new structure of select committees.

In a paper outlining what it regarded as the conditions for making select committees more effective, the group argued that the need was for a wider reform of committees, than the Government now intended.

# Allan urges labour unity

By Philip Rawstone

MR. FRANK ALLAN, Left-wing chairman of the Labour Party, yesterday appealed to the party to avoid internal conflicts.

"We must avoid a bitter left-right struggle which would have our enemies rejoicing. We are concerned with politics, not personalities," Mr. Allan told the national conference of Labour women in Felixstowe.

"The Labour Party has traditionally been a left-right centre federation. That is its strength. Any move by its flank to savage the other would do us great harm.

Mr. Allan's plea followed some left-wing criticism of Mr. James Callaghan's weekend speech warning trade unions not to use their industrial power to try to destroy the Tory Government.

He told the conference that "every injustice" perpetrated by the Tory Government would be resisted "every inch of the way."

"Some of their worst attacks on working people can be averted and, by united opposition, we can all the sooner offer an alternative."

# European MPs brush up their political skills

BRITAIN'S newly-elected European MPs will assemble in London today for some basic instruction in political reality, Parliamentary tactics and party manners, all wrapped up in a message welcoming them to the big happy club of British politics—albeit as junior members.

Both the Conservatives and Labour are holding meetings today which they hope will squash any lingering ambitions the new European members might have about building

independent empires of their own in Strasbourg—and resolve some of the many questions which this month's direct elections failed to answer.

The 60 Tory MPs who, though elected by only a small proportion of the electorate, have enough noughts after their majorities to make the average safe Westminster seat look like a marginal area, are likely to leave their meeting in a rather sober frame of mind.

Mr. Jim Scott-Hopkins, the

man nominated by Mrs. Thatcher to lead the Conservative delegation during the European Parliament's first session, will explain as gently as possible that being a European MP is really quite hard work and that the rewards are hardly generous. There must be no skipping off early on Friday mornings when the new Parliament meets.

By contrast, the 17 Labour MPs, whose treatment by the party executive during the campaign left them with a

smouldering sense of their own insignificance rather than any illusions about their own importance, may leave their meeting feeling marginally more important than when they went in.

Leftwingers on the executive once resisted the whole idea of direct elections to the European Assembly, but now see in the new group an opportunity to teach Westminster MPs a lesson in democracy.

Since there are no constitutional rules governing the relationship between the executive and the European Parliamentary group, the executive's EEC liaison group hopes that it will be able to create a model relationship which will prevent the European delegates picking up what they regard as some of the Westminster MPs' bad habits—like ignoring Conference decisions—and serve as an example to Westminster.

Thus, in a precursor of the way the executive is now trying to get its hands on the money given to Labour in Opposition, it has already ensured that Transport House has a role in deciding how any funds the European MPs get for research are spent.

In the same way, the Cabinet was denied its right of veto over the contents of the European manifesto in much the same

way as the Left is now arguing that it should be adopted for the drafting of the Westminster manifesto.

The direct elections produced almost as many new problems for Britain's political parties as it solved; the most fundamental of which is what to do with the MPs now they have been elected.

There are also numerous practical difficulties which the MPs themselves feel must be solved if they are to have any influence in Europe at all.

At present the European MPs have no right of access to the facilities of the House of Commons.

There is also the delicate question of money. Most would-be European MPs recognised long ago that a seat in Strasbourg would not provide a quick ticket to riches. But most hoped for a better deal than they now seem likely to get.

As things stand at the moment, they will get the same salary as a Westminster MP plus expenses from the European Parliament for staying in Europe and travelling to and from the Parliament.

They will not, however, be recompensed for travelling round their constituencies—and given the size of some of these, this means the loss of

several hundred pounds, at 13p a mile, during the course of a year. Nor will they get the money Westminster MPs get for travelling to and from Westminster.

With admirable modesty, Mr. Scott-Hopkins has suggested that perhaps European MPs could be accorded the same treatment as the wives of Westminster MPs and be given 15 rail warrants a year for travelling to London.

The proposed relationship between the leader of the Tory European delegation and the leader of the party in Westminster is equally vague.

Mr. Scott-Hopkins, who was Mrs. Thatcher's nomination for the job when her favourite candidate failed to get adopted for a European seat, will presumably report back to her on an informal basis but the European delegation as yet has no official voice in Cabinet.

The subject is complicated by the fact that the House of Commons has not yet debated the House of Lords' recommendation that a new grand committee should be set up to discuss European matters with members appointed from both Houses in Westminster plus the European delegation.

Surprisingly for a party which was once so hostile to the whole idea of directly-elected Euro-

pean MPs, the Labour Party—or to be precise, one small bit to the left of it—has already gone some way to being the umbilical cord between European MPs and party headquarters.

No formal links have been established between either the Parliamentary Labour Party or the Opposition front bench but the executive has already gone some way to ensuring that the European delegation do not start building an overseas empire.

All European candidates had to agree that they would not use the rules of the European Parliament as an excuse for ignoring conference decisions and all the MPs are being invited to attend conference so that they can hear the voice of the Labour movement.

But the new European MPs in both parties are already showing signs of independence and, for all their ignorance of Parliamentary behaviour, behaving like fully paid up scheming MPs.

A suggestion that someone else should run against Mrs. Castle for the Labour leadership has had to be sat upon from above while a lobby to make Mr. Bardsley's leader of the Tory delegation in the next European Parliament has apparently already begun.

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Selfish



When Mrs Marion Gibson first planned the evening's meal, nothing could have been further from her mind than hot-plate flambé.

In fact, the family dinner that night had started life as steak and chips.

But, by 6.20, there had been a dramatic change in the menu.

Moments earlier, the oil in the chip pan had been bubbling away quite merrily: so it was with every confidence that Mrs Gibson turned her back to lay the table.

It was then that the oil reached boiling point and instantly caught light.

Within seconds the entire cooker was ablaze.

Thankfully though, the fire brigade arrived in time to drown the kitchen, before the flames had a chance to take hold in the rest of the house.

The following morning, with the gloomy prospect of weeks of Chinese takeaways ahead of them, the Gibsons took little comfort from the fact they were insured.

After all, as everyone knows, it takes more than a completed claims form to restore life



# The following day, we gave Mrs Gibson another chance to burn the dinner.

to some sort of normality after a serious fire.

It takes people who are prepared to put themselves out.

At Commercial Union, we pride ourselves in the knowledge that we have these sort of people working in our midst. As the Gibsons were soon to discover for themselves.

Barely an hour after reporting the fire to our local branch office, Mr Gibson found himself opening his front door to one of our claims inspectors.

No sooner had he assessed the damage, than he agreed to a settlement. On the spot.

That afternoon a second surprise appeared on the

Gibsons' doorstep.

Quite simply, a brand new cooker. Identical in every way to their original.

Courtesy of Commercial Union.

In the normal course of events, we would replace a cooker with a cheque. Not a cooker.

But then, there are always exceptions to the rule.

Being down to earth insurance folk, we would never claim to work miracles.



Though Mrs Gibson would doubtless disagree with us.

**We won't make a drama out of a crisis.**



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOTTERS

## ELECTRONICS

### Board testers perform two difficult jobs

MEMBRAN IS pushing hard into the automatic test equipment market with new systems for hybrid digital/analogous printed circuit boards. MEMBRAN systems offer a universal test capability, providing both functional and in-circuit testing of analogue circuits, as well as high performance digital testing, and the builder claims its new units to be the first to offer this range of test facilities with performance matching the speed and complexity of modern circuit designs, in a single test system.

Bit-lice microcomputer controller developed by Membran for its earlier range, is at the heart of the new units. Many options are available on the two basic variants, MB7773 and MB7776 with respectively three and six highways.

Two new software packages are Mediator, a structured multi-level programming language for hybrid functional testing, and Latent, a computer language for in-circuit testing.

Digital test facilities include:

## INSULATION

### Meets new standard

IN ANTICIPATION of new insulation standards specified in the Building Regulations, Plaschem has brought out a new product range. In all these products, "Aerotherm" foams of Plaschem's own formulation and manufacture are the common components.

The range covers both building and industrial plant requirements and has been formulated to meet the 0.6 watt per square metre and degree

## TRANSPORT

### Avon designs skirts for U.S. hovercraft

ONE OF the UK's leading manufacturers of hovercraft skirts, Avon Industrial Polymers of Melksham, Wiltshire, has completed its first order from the U.S.

The company was asked to manufacture ten skirt "fingers" for a new type of vessel developed by Bell-Halter of New Orleans. Each finger is 25 ft wide, 15 ft high and weighs 2 cwt. Avon was also given an order for major components for a spare stern seal which is 30 ft wide, 10 ft long, 6 1/2 ft high, and weighs one ton. This is believed to be one of the largest hovercraft seals to be made.

The new Bell-Halter vessel is described as a twin-hull catamaran-type surface effect ship (SES) that can operate at low speeds or as a hovercraft at higher speeds. When hovering the vessel rides on a cushion of air trapped between the hulls by flexible bow and stern seals. Centrifugal fans provide air for the cushion.

Bell-Halter already has a 48 foot hydrographic survey boat under construction for the U.S. Army Corps of Engineers and Avon has also received an order to supply seal components for this craft.

Bell-Halter is a joint venture (formed to pursue the surface

effect ship's market) by Bell Aerospace Textron, a division of Textron Inc., and Halter Marine, Inc.

## Diesels by Milan group

TURBO-CHARGED diesel engines, aimed at British OEM markets, which increase horsepower per litre by up to 30 per cent over conventional units—while at the same time reducing fuel consumption by 8 per cent—have been launched by SAME of Italy.

The 1058 PT models embody a 160 hp six cylinder, four stroke, direct-injection diesel engine, based upon the existing SAME in-line series, fitted with turbo-charger and intercooler. Its 105 mm bore cylinders have heat-treated aluminium alloy cylinder heads, with re-designed piston rings shaped for low oil consumption. Better cooling facilities required by turbo-charged engines is achieved by spraying a large amount of oil under the pistons,

fitting a larger aluminium oil radiator, and a larger diameter fan.

New injection equipment—designed in conjunction with Bosch—uses special in-line immersed pumps which can increase the injection speed up to 60 per cent. In operation, exhaust smoke emission has been shown to decrease between 50 to 80 per cent—and the engine noise level abatement over conventional engines is 3 dBA, much more than the numerical indicates.

SAME is making two models available—one for stationary industrial use and one for automotive applications where the

turbine is situated on the front part of the engine to ensure that the silencer is as far away as possible from the driver's seat.

These engines are available direct on a three-week time scale. U.K. specifiers can obtain SAME engines at a figure 25 per cent less than normal, until such time as a U.K. dealer is appointed. In the meantime, spares are available ex stock through Samecraft of Thirsk, Yorkshire—U.K. distributor of SAME agricultural tractors—all of which incorporate SAME diesel engines.

SAME S.P.A., Piazzale Accursio 18, 20156 Milan, Italy.

## Safety of crash helmets

APART FROM leading helmet manufacturers and polymer suppliers, Manchester Police is also co-operating in a two-year research project based at Manchester Polytechnic, which is aimed at increasing the safety of motorcycle crash helmets.

Leading the team is Dr. Philip Marshall (head of the Polymer Engineering Research Group at the Polytechnic) who is a leading specialist in the

field of fracture mechanics. Funding this project is a newly formed Helmet Research Group whose founder members include Kangol Helmets, Stadium, Theiford Moulded Products, Bayer UK, DSM and Engineering Polymers.

The Manchester researchers will investigate not only UK-produced but also imported helmets. More from Bayer UK, Bayer House, Richmond, Surrey.

## COMPONENTS

### Electrical firm plans growth

THE WIRING accessory manufacturer, J. A. Crabtree, of Walsall, has announced a £2m expansion programme which will include a new purpose-built factory of 52,000 sq. ft.

Expected to eventually employ some 200 people, the plant will specialise in the production of sheet metal enclosures using the latest equipment for press work and metal finishing.

Contractors are J. J. Gallagher and Co. and work is expected to commence shortly, with a completion date of mid-1980.

## COMMUNICATIONS

### Faster news in prospect

WORK GOING on at the IBA Engineering Centre at Winchester, Hants, in which the Orbital Test Satellite (OTS) is being used to send signals between ground stations with relatively small dish aerials and low power transmitters, could eventually mean that outside broadcast news coverage could be arranged at much shorter notice than at present.

IBA says that although most OBs need only one or two temporary link hops, advance planning is nevertheless needed and can be extensive for long distances. There are frequently delays in reporting the event due to the need for use of film or local recording video, and carriage by aircraft.

The work is designed to evaluate television satellite links in the 11 to 14 GHz band and IBA has already developed a small fixed receiving station with a 3.5 metre dish and

## PERIPHERALS

### High speed floppies

EXCEPTIONALLY FAST, a new 5 1/4 inch floppy disc drive is being launched in the UK market.

There are two models of the Micro Peripherals Inc. drive—the MPI 51 and 52, respectively single-head and double-head units—and they are five times as fast as any other small drive currently available. Developers assert since they have a track to track access time of 5 milliseconds.

Reliability is high and speed stability is kept within 1 per cent. No mechanical switches are used. Optical sensors provide the appropriate signals. All the MPI heads exceed reliability specifications normally quoted in the industry and are designed for double density work.

Both types are available in Britain from Rack Data, Rose Industrial Estate, Cores End Road, Bourne End, Bucks.

## QUALITY CONTROL

### Shows many defects

AN EDDY current test system from Hooking Electronics, 40, London Road, St. Albans, Herts. (0727 55424) is equipped with a storage cathode ray tube display that enables phase and amplitude vector signals from an investigative probe to be held for inspection and interpretation.

The probe induces eddy currents into the specimen and the signals picked up are modified in phase and amplitude depending upon defects in the metal, changes of thickness composition, etc. A balanced

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## METALWORKING

### Less noise from grinders

SIGNIFICANT FEATURES of a redesigned range of heavy duty, horizontal pneumatic hand grinders are low operation noise level and safety controls, both providing an improved working environment for the operator and other personnel in close proximity, says power tools division of Compair Industrial, PO Box 7, Broom Wade Works, High Wycombe, Bucks (0494 21811). There are two models—4HGA version has a 4 in abrasive

bridge arrangement operating between 0.5 kHz and 2.5 MHz is used, any out-of-balance effects caused by the test appearing as a vector display. As the probe is moved around the defect it becomes possible to interpret the display in a precise manner. Frequency is shown on a digital read-out.

For example, cracks normal to the surface and those oblique to it can be clearly differentiated. Known as the D4A, the tester measures 280 x 215 x 320 mm and weighs 14 kg.

wheel suitable for operation up to 8,500 rpm, and the 6HGA a 6 in wheel grinder for speeds up to 6,000 rpm.

Operating speeds are carefully chosen, says the maker, to give the best cutting action of the wheels, which is consistent with the long life of the tool.

The grinders are designed for a variety of functions including fettling of welds and castings and for general purpose fabrication work.

another up-link mobile unit with a 2.5 metre dish, trailer mounted.

IBA says that with smaller, one degree beam aerials on the satellite, car-mounted transmitter dishes only one metre across, with 250 watt transmitters become possible.

The Authority is soon to seek frequency allocations internationally.

AN ANNOUNCEMENT has been made by Hitachi of the development of a laser diode operating at 1.3 microns wavelength with rise and fall times of less than 0.5 nanoseconds and an optical output power of five milliwatts, enabling it, claims

the company, to be used at a bandwidth of one gigabit/sec. According to Hitachi the device makes possible transmission at 1 Gbit/sec over distances exceeding 50 km without a repeater, although the figure appears to assume loss in the optical fibre of about 0.5 dB/km, which nears the theoretical limit.

The company has developed a crystal growth and process technology based on indium gallium arsenide phosphide. Using this material in a "buried heterostructure" an operating wavelength of 3.3 microns has been produced.

Operating temperatures between -20 and +50 deg C are possible, and the life under continuous wave oscillation at room temperature is estimated to be more than 10,000 hours.

Device is known as the HLP 5000 and it is to become available in September.

## OFFICE EQUIPMENT

### Makes plans easy to formulate

MABCO, visual systems specialist group, has designed two forms which considerably help in the installation of visual planning systems. They are a simple questionnaire and an easy-to-follow diagram layout.

The first question which usually needs answering when an executive is confronted with an in-company planning problem (for example, production control, staff training, work progress, vehicle maintenance, etc.), is where to go for advice on the best system to solve the problem. In large organisations there is usually a department able to provide literature on various planning systems—but still the executive is left with the task of sifting through it all and trying to decide from the mass of words and pictures which system is the one most suited to his requirements.

According to Mabco, all he needs to do now is complete a questionnaire and plan layout form, which Mabco visual planning specialists will then study and possibly with further necessary discussion, suggest the most appropriate system to meet the user's needs.

Mabco's range includes all the major planning methods—laminated boards; magnetic boards; perforated plastic panels; channel systems and "T" card systems. It claims to be able to offer unbiased advice and as it designs and assembles all forms of made-to-measure plan boards, there is reason to think they have a unique service.

Mabco, 98 Crofton Park Road, London SE4, 680 5775.

index cards conveniently slide in and out of plastic carriers.

With the Hadley Datex, a touch of the appropriate button shows selected information almost immediately in front of a perspex-covered screen. The information could be telephone numbers, part numbers prices, inventories, customer accounts, etc.

A three tiered 30-character board allows flexibility of combinations of letters' symbols numbers, etc. Certain buttons can be utilised for the alphabet, others for special accounts, prices, inventories, etc.

Every unit includes pre-cut index cards and keyboard tabs. Datex is portable, free-standing, and operates either from two EP2 batteries or an a.c. mains adaptor. Its developers say almost every company or organisation has a need for at least one system.

Hadley Sales Services, 112, Gilbert Road, Smithwick, Warrley, West Midlands, B66 4PZ, 021 558 3358.

## Office unit works fast

FAST, portable printing/display calculators that provide 12 digit, quality print at a practical speed of 2.5 full lines per second—twice the rate of current handheld printers with a single printwheel which has to fly backwards and forwards—are among the new APF 600 range introduced by Brinlock of 109, Kings Road, Reading.

They incorporate Seiko 720 series full line printers and use

the ordinary 24 inch paper rolls available as standard throughout the office equipment trade.

Brinlock claims high reliability and suggests the units for office calculations with their six places of decimal selection, add, mode, and full dating and referencing facilities as well as percentage, total and subtotal keys, item count and independent four key memory.

They can be used to print and display all calculations, print final results only or purely as display machines.

Brinlock is on 0734 594 655.

## Screen easy to read

CPT Corporation of Minneapolis is to launch in the UK next month (July) a word processor with black on white screen, and automatic hyphenation. Up to four of these units can be linked to CPT's new Rotary V printer, which incorporates the latest daisy wheel print element.

Half-page display screen and keyboard with a 10-key numeric pad, floppy disc drive and text editing are provided. Text moves up the screen line by line, and below the typing line is a three-line preview area which allows the operator to view upcoming text during revision.

Disc capacity is 300,000 characters, with horizontal scrolling to 160 character page widths and simultaneous printing and text insertion.

CPT Word Processing, Tucker Business Associates, 421 Edgware Road, Colindale, London NW9 0HS, 01-300 7022.

## INSTRUMENTS

### Easy crack detection

ARDROX of Bourne End, Bucks, says that simplicity of operation is "carried to the ultimate" in its Junior miniature eddy current crack detector.

Only one probe is employed and it can be used for the detection of defects in both ferrous and non-ferrous metals and also for sorting metal; special probes for particular applications can be supplied to order.

Even the shallowest defects in metal are readily indicated on a small meter after calibration, and response is reasonably linear with crack depth.

The unit is housed in a tough plastics case and is powered by a PP9 battery giving a useful life of three to four months. Push button indication of battery life is incorporated, and the only other controls are a set zero and a sensitivity knob. More on 06285 24951.

## Miniature plotter

CONTAINED in a case measuring 360 x 295 x 120 mm, a precision, portable X-Y recorder from J. J. Lloyd Instruments has an A5 writing format and uses a crystal controlled time base to give exceptionally

accurate sweep speeds on the X axis which are adjustable from one second to one hour.

The same circuit design is used to drive the chart, enabling the recorder to be used for Y/T applications.

Writing paper can be changed automatically by push-button, a useful facility for repetitive tests. The high impedance inputs of both axes are floating and each is fitted with an 18-way calibrated attenuator giving sensitivities from 50 microvolts per millimetre to one volt/mm. Electric pen lift is fitted, and all the major functions are operated by push-button.

The unit can be supplied as a "stand alone" item or in stripped-down form for OEM applications. More from Brook Avenue, Warsash, Southampton SO3 6HP (04585 4221).

# The document master.

Burroughs newest document processing system dramatically reduces the cost of handling cheques and remittance documents.

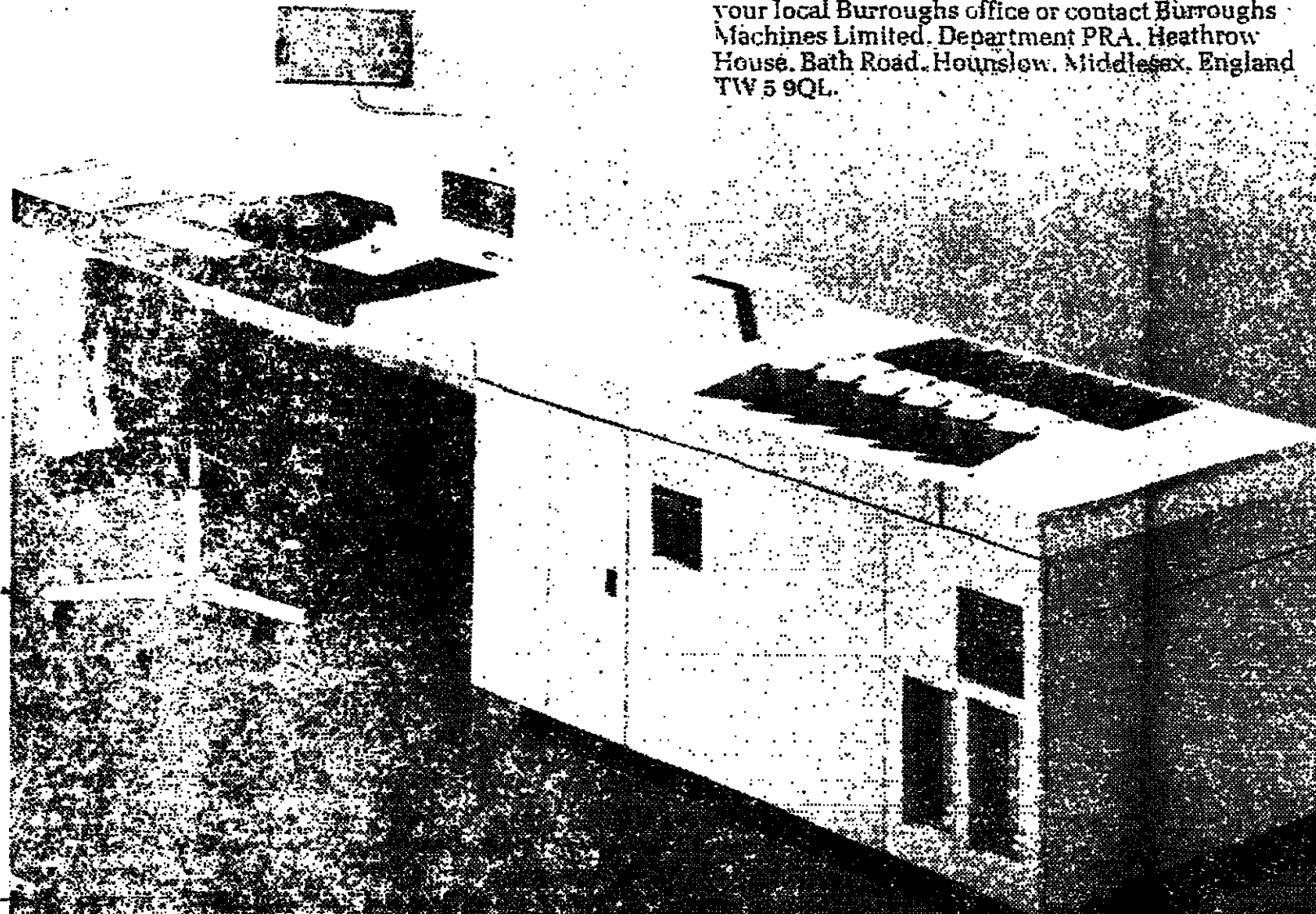
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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Robert Oakeshott on how the successful establishment of the Dartington glass-blowing company in Devon may inspire a similar operation in Spain.

Devon re-exports Swedish skills

AN UNUSUAL two-way traffic between Devon and Spain is likely to develop in the next few years. For at a series of meetings held recently in Torrington, Devon, the Dartington Glass, owners of Dartington Glass, and our visitors from the industrial co-operatives centred on Mondragon in the Basque country of northern Spain gained much inspiration from each other.

From its inception in 1967, it has depended—and continues to depend today—on the skills and techniques of a core of Swedish master-glassblowers brought by the Dartington Trustees from the Smalland glassmaking district of southern Sweden. There were 20 Swedish glassblowers when the enterprise started and their numbers reached a maximum of 30 two years later. There are still 19 in today's total labour force of 200 and though the first of the locally-trained Devonians has lately achieved the grade of master glassblower, most of the remaining Swedish contingent is expected to stay on, partly because they simply like the place.

The top management is also Swedish. It started that way and it remained so when Mr. Jan Mollmark took over as managing director some 18 months ago. He has three other Swedes in his small management team. Altogether the whole project is an astonishing example in contemporary Europe of a successful industrial transplant and, of course, of imaginative rural job creation.

Just under half the workforce are members of glass-blowing teams, making the high-quality glass with which Dartington has established its reputation. There are seven or eight to a team and all are skilled. Each team has a deputy master, who is highly skilled and a master, or "maestro," who is even more so. The Basque visitors were clearly astonished to hear that even in Sweden, and in families with long glass-blowing traditions, it would take at least seven years to acquire the skills and command the mystery of the craft which a master must have. In the Basque country, as it did in Devon, it would almost certainly take longer. Furthermore, older apprentices could not be expected to learn faster; quite the opposite. "No one can become a master who starts to learn the craft after 20. Sixteen or even 15 years are the best starting ages."

This long training time can only make the initial decision of the Dartington Trustees seem an even bolder stroke of venture capital initiative-taking, or a more reckless one, depending on outlook. John Taylor, the trust's balanced, but far from excessively cautious chief accountant, is thankful that he wasn't in his present job at the time because "I would have told them they were crazy." And it is true that seven years elapsed before a significant return on capital started to be shown. However, Dartington Glass has now been in reasonable profit for the past five years and was solidly so in 1978 when pre-tax profits of roughly £250,000 were earned on sales of £2.3m.

But there are non-financial returns from Dartington Glass as well. The feeling of well-being in the place where the glassblowing teams go about their business around the furnaces, is especially marked. No doubt the "youth of the workforce—average age 28—is a factor. So is the level of wages paid, almost certainly the highest for factory work in Torrington. But the crucial factors are more likely to be a real pride in the craft, and the fact that the work takes place in small teams and is not machine paced. Whatever the original intention of the Dartington Trustees they can hardly feel dissatisfied with their choice of enterprise. For glass blowing is one of the few craft activities which are best done in small teams and on the scale of a "manufactory."



Jan Mollmark (right) Swedish managing director of Dartington

enne: St. Gallen Graduate school, Switzerland, one of Europe's leading business schools. This year's International Management Symposium, attended by 200 students and 10 businessmen from all over the Continent, plus 23 university professors, politicians and 35 vss. Subject: "Strategies for corporate competitiveness," with sessions on such topics as "Liberal vs Social Economic Order"; "Can our era survive without an Ite?"; "Social responsibility a liberal economic setting." Reporter: Christopher Lorenz

every student was a would-be Danny-the-Red. Another reason for the relatively restrained tone of most of the discussions at St Gallen is that the vast majority of student participants are studying business, and are therefore already on the executive ladder, with all its attendant values. So when tempers became decidedly frayed on the final day of this year's symposium, it was a considerable surprise. The subject of the particular debate was the role of consumer and community pressure groups, and government regulations, in the business environment on both sides of the Atlantic. The antagonists? On the one side, almost on her own, was Professor Anna Schwartz, best-known in Europe as Milton Friedman's academic collaborator in monetary and economic studies, but on this occasion applying her "free

market" principles to the role of "social responsibility groups"—and coming out with the provocative statement that the groups' basic doctrine "is alien to a liberal economic system," and "has connotations of the Klu Klux Klan." Under her particular attack was one of the aims of these pressure groups, increased government regulation of such things as the safety characteristics of cars, together with their exhaust emissions and their fuel consumption. On the other side were the massed ranks of the students and Professor Schwartz's fellow panellists from the Netherlands and Switzerland, a professor, a lawyer, and two businessmen. None of their earlier comments on business strategy, personal incentives, tax rises and the rest had suggested the slightest hint of "creeping Socialism"—as many Americans of Prof. Schwartz's persuasion would describe the argument that government regulation, encouraged if necessary by consumer lobbying, was necessary to keep the business community on the social straight and narrow. Yet the two Dutchmen and their Swiss colleagues pointed to a mass of examples to support this case, including the energy-saving benefits of high European taxes on petrol, the need for tough drugs controls to avoid a new thalidomide disaster, and—invariably—the need for tougher official safety standards in nuclear power in the light of the Harrisburg accident.

The ensuing debate served several worthwhile purposes. It reminded the Europeans that the Atlantic still represents a major gulf in conceptions of the "free market," and that the "social market economy," that overworked term (especially in Germany) actually means something different from the classical "market economy" which Prof. Schwartz seemed to espouse. The discussion tested some of Prof. Schwartz's theories—such as that consumers were perfectly free to reject products whose attributes they disliked; they did not need to be restricted in their choice by government regulation. To which an irate German student responded from the floor: "How was I to know, until experts told me, that the level of lead in petrol was harmful, and what choice of alternatives did I have until my government intervened?" But the debate was also challenging to the Europeans, raising the question of whether the business community is doing enough to rebut the criticisms made by the consumer and community groups. Business gives

the impression of being "guilt-ridden, sharing the critics' conception that a society which has displayed enormous ingenuity in developing new resources and technology, from which rich and poor alike have benefited, is not a good society," complained Prof. Schwartz. She drew considerable applause when she called on business to do more "answering back." Finally, and perhaps most important, the debate prompted the European participants to question the long-term logic of increasing "social responsibility" in business decision-making, and the sense of steadily encroaching government regulation.

Some of her arguments on this theme were hotly disputed, but by no means all of them. For example, she illustrated her point that governments lacked the foresight to make the right regulations by quoting supposedly "pro-consumer" regulations in the U.S. which had quickly been overturned by very real consumer opposition (car seat-belt laws, for example). To which the Dutch professor, Dr. Jan Kreiken of Twente University, retorted that just because certain regulations were ill-advised, it did not mean that regulation per se was wrong. But Prof. Schwartz had a more far-reaching example. The 1973 engine emission standards had not only diverted engine

development from promising energy-saving directions, they had also effectively impaired the freedom of corporations to use their assets in what they considered the best interests of stockholders and creditors, she suggested. Changes in the rules created uncertainty about their property rights, and reduced the incentive for private investment in long-term projects. Future economic growth and the improvement of welfare could only be harmed if people failed to realise the cost of the activities of the advocates of "social responsibility," she went on. The only way it could meet the costs of the advocates' demands would be to increase

costs and prices, with a harmful effect on competitiveness and employment. Going still further, she warned that corporate attempts to behave in accordance with demands for social responsibility might bring about the demise of the corporation as an organisational form, because of a downward spiral of inability to raise new capital. If the corporation wants to survive, it should exert more influence on the design and content of government regulations, she concluded. And "if business is to remain substantially in private hands, distinct from the State, it cannot and should not accept general responsibility for problems outside its traditional economic concerns." Strong stuff, and new food for thought in Europe from the influential Friedmannite camp.

Business students fail to bridge the Atlantic gulf

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LOMBARD

Goodbye and hello to devolution

BY RAY PERMAN

TONIGHT we say goodbye to the Scottish Devolution Act, which in one form or another has been with us for more than three years and dominated two sessions of Parliament. The Conservatives, who were never sympathetic towards it while they were in Opposition, are more magnanimous in power and are considering allowing extra time for tonight's valedictory speeches before using their decisive majority to secure the repeal.

Innovation

The Act, of course, has never been put into effect. It was a constitutional innovation in that it was the first piece of legislation to have built into it the requirement that 40 per cent of the electorate should vote for it before it could come into force and, in the event, only 33 per cent of Scottish voters did so.

So the old Royal High School, in Edinburgh, which was prematurely and elegantly restored to its Georgian splendour as a home for the devolved Scottish Parliament, remains empty, at least until the next Government can find another use for it.

But just because the Scotland Act was never used, can we conclude that it never achieved anything? Now that its short life is ending, perhaps we can clear away some of the cant that surrounded it and examine what exactly its purpose was and whether it fulfilled it or not.

All the things that were said about improving the quality of Government, bringing decision-making nearer to the people, heightening the lead on Westminster, and so on, are all very well, and perhaps the Act might have done some of these things. But they were not its raison d'etre. That was, quite simply, to ditch the Scottish National Party.

When Sir Harold Wilson first thought up the idea of devolution legislation between the two 1974 elections, it was clear that his motivation was. The SNP was already making sweeping gains at the expense of the Tories and was creeping up on Labour's Scottish heartland.

By the October 1974 election, Nationalist candidates were in second place in about 30 Labour seats, poised to rob the party of its parliamentary majority as soon as the occasion arose. Something had to be done, and the need was appreciated more in London than in Glasgow.

Labour's National Executive Committee had to choose between two options. The first was to accept the SNP's demand for a referendum on the issue of independence. The second was to offer the SNP a new deal, one which would allow it to remain in power in Scotland while the rest of the country remained united under a single Government.

Committee had virtually to rail-road the Scottish party into accepting the need for devolution at a now infamous special conference. As soon as the legislation was prepared, Labour speakers started preaching against the evils of separatism held out by the SNP, and contrasting them with the safe, reliable half-way house to autonomy offered by their own proposals.

The play worked well, perhaps too well. After reaching a peak in 1977, when the collapse of the first devolution Bill brought Labour into a crisis pact with the Liberals, SNP support began to slide. By the referendum on March 1 this year, Nationalist following had fallen so low that people could no longer see the need for an alternative.

At the general election (brought about by another devolution crisis, the Labour Government's failure to get the Act through the Commons) the SNP was reduced from 11 to three parliamentary seats. Since then things have looked bleak for the party! Subscriptions have declined with membership, and there have had to be redundancies among the head office staff in Edinburgh.

Only the success of Mrs. Wilson Ewing in this month's European election has relieved SNP gloom, and that victory probably owed more to her personality and reputation than to the continuing appeal of Scottish independence.

Nationalists are now almost back to their position in 1970. But the SNP has set back before and can rival the Liberal Party in the frequency of its revivals. No one doubts that its fortunes will pick up again; the question is, to what extent?

With another economic slump likely in Scotland, will this Government, like its predecessor, have a Nationalist problem to deal with half-way through its term?

Marx's dictum

If so, the old solution could be used again. The Conservatives are shortly to embark on all-party talks to try to find some common ground for a new devolution Bill for Scotland to follow the two that have already come and gone.

But before we go through all the late-night Commons guffing, and the arguments about better government for the third time, we should remember Marx's dictum: history repeats itself, the first time as tragedy, the second time as farce.

Stately home hostas now at their best

IT MAY seem a bad time of year to write only about useful plants, but my survey of the rhododendron last week has left me with a bad conscience. I have never said what I feel about that other mainstay of gardens in early summer, the hosta. There are many reasons. Hostas are plants you have to know for some while before you see them at their best. Their names are very confusing. Varieties cannot be counted on from one nursery to the next. In their early years their leaves are far less impressive than in their maturity. So you must be patient and allow them to develop.

American breeders have let loose many new crosses on the top end of the market, some of which are less interesting than their publicity implies. I have my favourites. But first, you must be sure you know how to grow them.

There is hardly a hosta which shows up well in sun and a dry soil. Nor are they plants which look their best in ones and twos. They are at their peak now in public gardens of the National Trust where you can see them after the fashion for mass hosta beds in the 1960s. They like to be heavily fed and manured. A starved hosta is more common than a satisfied one. The sight of its half-hearted leaves will make you wonder why I give it such space.

Before you plant new stock, dig some rotted manure round it and top-dress it in its first spring with more. Feed it thereafter with liquid manure whenever you can spare the time. The richer the soil, the more luxuriantly most of the best varieties will develop their leaves. Hostas are the hardest plants with a tropical look to them. Be sure that you protect them against slugs by ringing them with slug pellets. Otherwise the leaves will be chewed into needless holes.

Hostas and beds of old-fashioned roses are a famous combination. Familiar though they are, I think that they remain excellent company. The hostas' young leaves brighten up the beds before the roses' main crop. They flower simultaneously. The hostas' lilac white flowers are not conspicuous by themselves, but they are set off by the similar mauve and crushed purples of good Bourbon and Gallica roses. Afterwards, their big leaves and thick clumps of impenetrable roots block out the weeds. In autumn, many varieties turn a bright yellow before retiring below ground. The autumn colour is wrongly neglected.

The most spectacular, to my eye, is still the huge glaucous-leaved Siboldiana elegans. Bought from a conscientious nursery, the word elegans carries weight. The leaves are larger and more deeply ribbed. In any scale, they are big and bold. But they are also a superb shade of blue-grey, a truly glaucous plant. The lilac white flowers are in harmony with this cool colour in the leaf.

There is a brilliant use of it among white flowers and grey leaves in the white garden at Sissinghurst Castle, Kent. If you can find room for a big block of it in a half-shaded shrub border, you will be rewarded with a more lasting feature than any passing flower. No plant, but it ought to be cheaper soon if you can wait.

There are several slow-growing varieties still on the margins of the market, though shown and decorated at the Wisley hosta trials as long ago as 1973. Halcyon sometimes turns up and is a worthwhile buy. It is a selected form, I believe, of one Tardiana which was itself a surprising cross between two varieties, one being the big glaucous elegans.

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Tougher and quicker, the variety still generally sold as 'Thomas Hogg' is excellent. This is the narrowly white-edged hosta whose green leaf is clear but not speckled. After two or three years, however, I find that it thickens out into an impenetrable mat and puts paid to all surface weed in narrow beds, say, below a wall. It is not the most subtle, but it is bright, reliable and easily divided. One for the busy gardener.

The king of yellow markings, to my eye, is the slow-growing variegata. Opinions divide on this one, but I think it worth every penny of its high price. Hilliers of Winchester will sell you it in a true form. The wide margin of gold yellow turns in towards the centre of the leaf and stays fresh for a long while. The leaves again are large and hold as good as a spring flower in their own right. Among a bewildering mass of names, this big one is

worth holding fast, neither green-leaved nor small and slow, but the boldest among those with a gold margin.

Feed your hostas and give them time. At first they seem unlikely plants to cover a square yard at a density of only three. But the leaves improve with age and expand with the mat of roots. By 1984, your hostas would be clumps which would draw the eye of any visitor in months when leaves are showing above ground.

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superbly with the acid yellow of spurge or the clear blue of forget me not and blue-eyed Mary. The cool lime-yellow runs through the centre of the leaf and gradually tones down to a fresh green edge. I cannot have too much of this obliging plant, a first choice for a damp or shaded place in a town garden. If I were starting again, I would group it among lily of the valley in a raised bed near to the eye and nose.

Tougher and quicker, the variety still generally sold as 'Thomas Hogg' is excellent. This is the narrowly white-edged hosta whose green leaf is clear but not speckled. After two or three years, however, I find that it thickens out into an impenetrable mat and puts paid to all surface weed in narrow beds, say, below a wall. It is not the most subtle, but it is bright, reliable and easily divided. One for the busy gardener.

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Feed your hostas and give them time. At first they seem unlikely plants to cover a square yard at a density of only three. But the leaves improve with age and expand with the mat of roots. By 1984, your hostas would be clumps which would draw the eye of any visitor in months when leaves are showing above ground.

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Hosta lancifolia

Lester shows his Ascot flair

ROYAL ASCOT yesterday got off to a heatwave start with Lester Piggott on nine occasions the leading rider at the meeting—landing the Queen Anne Stakes.

Piggott, Mr. Jack Whitcomb, won the Queen's Vase. This five-year-old, trained by Fred Rimell (better known for his exploits as a National Hunt jockey and trainer) will have no difficulty in shouldering 9 st 3 lb. He appears as a win-and-place prospect.

The most absorbing event on a card which features that popular cavalry charge, the Royal Hunt Cup, would seem to be the Jersey Stakes. Here I shall not oppose Borzoi, who recently made a triumphant return to racing at Haydock.

A second likely prize for trainer Cecil—whose string has been in great form since early spring—is the Coronation Stakes. Here he fields both One In A Million and Formulae. Unless there is much overnight rain, I cannot see the

former losing her unbeaten record. For anyone wanting to catch a longshot in this event, last year by outsider Sutton Place. Topsy could be the answer.

This filly, trained by Harry Wragg, ran out a very early winner here last autumn over six furlongs.

For the Queen Mary Stakes, I like the look of Baptism's stable companion, the bay Devan filly Aberer, a fluent winner at Salisbury on her only previous appearance. And in the Hunt Cup I shall rely on the well-trained Silver Lord.

ROYAL ASCOT 2.30—Borzoi\*\* 3.05—Aberer\* 3.45—Silver Lord\*\*\* 4.20—One In A Million 4.55—Mitchelstown 5.30—Le Soleil

BERKLEY 2.15—Courtesey Lady 2.45—Chads Gambol 3.15—Amend 4.10—Let's Dance

RACING

BY DOMINIC WIGAN

mount into a decisive lead a quarter-mile out. There were no excuses for runner-up Pearlcent, but I feel reasonably sure there might have been a different outcome had Piggott not notched French champion Philippe Paquet's best at Bolton.

Paquet had the Bolton some way off the pace in the early stages and he then appeared to get Bolton unbalanced as he threw everything into his final effort a furlong out. By far the most successful

5.45 News 6.00 Thames at 6. 6.25 Help! 6.35 Crossroads. 7.00 Don't Just Sit There. 7.30 Coronation Street. 8.00 The Benny Hill Show. 9.00 The National Drink Test. 10.00 News at Ten. 10.30 Northern Ireland. 11.00 The Francher. With Sidney Pultier and Harry Belafonte. 12.35 am Close: Personal Choice with Leo Aylen.

All ITV Regions: as London except the following—

ANGLIA 1.25 pm Anglia News. 2.00 House-Party. 3.15 Winner Takes All. 3.30 About Anglia. 4.30 SWAT. 11.30 Power Without Glory. 12.30 The Big Question. 12.30 pm The Story of Wine: The Great Vintage. 1.20 The Story of Wine: Dear Father. 8.00 ATV Today. 11.30 Dynasty starring Sarah Miles and Stacy Kade. 12.30 am ATV Today.

BORDER 1.20 pm Border News. 2.00 House-Party. 2.25 The Family. 5.15 The Link-Linkinsham Show. 8.00 Lookaround Wednesday. 9.00 The Story of Wine: Dear Father. 11.30 George Hamilton IV. 12.30 am Border News and Weather.

CHANNEL 1.20 pm Channel Lunchtime News. 1.45 pm Channel News. 2.00 House-Party. 5.15 Emmerdale Farm. 6.00 Channel News. 6.30 One Man's Music. 7.00 The Story of Wine: Dear Father. 11.30 George Hamilton IV. 12.30 am Channel News and Weather.

GRAMPIAN 1.30 pm Grampian News. 2.25 Woodnope. 2.50 The Royal Highland Show. 5.15 Emmerdale Farm. 6.00 Grampian Today. 6.30 The Wednesday. 7.00 Reflections. 7.30 The Wednesday. 8.00 The Story of Wine: Dear Father. 11.30 George Hamilton IV. 12.30 am Grampian Late Headlines.

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ATV 1.20 pm The Story of Wine: The Great Vintage. 1.20 The Story of Wine: Dear Father. 8.00 ATV Today. 11.30 Dynasty starring Sarah Miles and Stacy Kade. 12.30 am ATV Today.

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ATV 1.20 pm The Story of Wine: The Great Vintage. 1.20 The Story



Festival Hall

Berlin Philharmonic

by DOMINIC GILL

The South Bank affluence, gaping crowds at the artists' entrance, stall seats at £20 each, ticket-hunters in packs—a visit from Karajan and the Berlin Philharmonic these days is as much wagon as band. The concert itself, the first of two given by the Berliners this week, and recorded for broadcast significantly not by the BBC but by Capital Radio, offered barely one hour and 10 minutes of music: short measure, or proud evidence that a diamond's glitter depends on its cut, not its size. The last answer is no doubt the correct one: even if diamonds, sad to confess, are not my favourite precious stones. There was a thrill of recognition none the less, as the orchestra move into gear under Karajan like a beautifully oiled machine; and of admiration, for a standard of excellence, and smooth, finely-knit working, rarely heard from any British ensemble today. But the gears are not all of the music. Karajan's first piece was Beethoven's triple concerto—good to hear occasionally, though it may be first-rate stuff, but second-rate Beethoven. The three young soloists, the 16-year-old violinist Anne-Sophie Mutter from Germany, the Franco-Chinese cellist Yo Yo Ma, and the brilliant Soviet pianist Mark Zeltser, threw themselves into the score with vivacious heart,

and time and again found themselves set against that towering wall of Karajan's accompaniment, smooth, dapper and dry. Karajan is a conductor who has elevated exquisitely-tailored grooming into an art form: the king of musical dandies. In his hands, deep rubies turn to diamonds, cotton to silk. The sonority, the marvellous veneer of sound, he drew from his players in Strauss's *Also sprach Zarathustra* was unfailingly impressive: the string tone with its depth, weight and variety of dynamic modulation especially—why do the string sections of British orchestras so often sound by comparison as if they are playing toy instruments with ruined bows?

Every crease was pressed, and pocket buttoned—no accident indeed that in this orchestra even the third flute is a Professor Doktor. The enviable lushness of the sound apart, however, it was not a specially remarkable reading. Even those who actually like the music, and can never hear enough of Richard Strauss, will have been struck by the performance's chilly elegance, paragraph joined to paragraph with sumptuous efficiency. It blew along with a powerful and persuasive breeze; but there was little all the same of perfume, or magic, in the air.



Robert Tear with Donald Gramm (right)

Leonard Burr

Covent Garden

The Rake's Progress

by MAX LOPPERS

The Royal Opera, which rigorously contended for the world premiere of Stravinsky's opera in 1951, has at last its own first staging. While there has hardly been a surfeit of performances in Britain, Glyndebourne (in the early 50s, later with the 1975 John Cox/David Hockney collaboration) and the Sadler's Wells Opera from 1962 and briefly at the Coliseum) have ensured that contact with a beautiful and crucially important work was never lost for long. Even so, there was a pressing need for another repertory *Rake* in London; and if, on account of the uneven quality of Elijah Moshinsky's production, Monday's performance was not quite the triumph to which one had looked forward, there were excuses for cheering all the same.

In *The Rake's Progress* the music matters most—Auden-Kallmann would have been the first to agree—and it was Colin Davis's handling of it that provided strongest grounds for satisfaction. A score that might have been swallowed up in a theatre the size of the Royal Opera House sounds at home there. Mr. Davis's feeling for the peculiar beauties of the scoring—the balances of hard edges and limpid colouring, the evocation of worlds pastoral, urban, and supernatural in the flicker of flutes or the skeletal rattle of a harpsichord—was one of the glories of his days at Sadler's Wells; but his achievement in making almost everything tell in the larger house should not be underestimated. (When the music failed to tell, as it did at the start of the Brothel scene, that is because of the racket of roaring brass and whores encouraged by the producer, a sin against a score without a superfluous bar that demands a speedy atonement.)

First-night tensions were recognisable in the lapses from an ideal standard of orchestral poise: there were some decidedly non-pastoral oboe squawks, and the trumpet accompanying Anne into town belonged properly to Don Pasquale in a provincial Italian opera house. The final scenes were superb: the sound of the low strings in the Prelude to the Churchyard scene seemed immediately to take the audience by the throat, and one

realised in full at that point the conductor's commitment to the wry seriousness, the culminating grandeur of the work, a commitment that had been implicit earlier on. Mr. Davis must also claim a little of the praise for the way the music appears now to have passed beyond the reach of familiar criticism—"pastiche," "sterile," "cold-hearted" and the rest of the formerly inevitable parade of epithets struck one as simply impertinent when not ludicrously inapposite.

The commitment to the sense and the sound of the score on the part of the producer and his team of designers Timothy O'Brien and Tazena Firth seems less certain. The *Rake* boasts the assertive dramatic intelligence, the gift for contriving ingenious solutions to dramatic problems, that one expects after the Royal Opera *Peter Grimes*, product of the same collaboration; the trouble is that ingenuity is sometimes applied with unnecessary readiness. The parody, the time-travelling, the simultaneous re-deployment and re-examination of the classical style, are already there, in the notes. To mirror there—as the designers have done with their false proscenium arch and their pseudo-baroque theatrical apparatus, and as the producer has done with his dissociative acting devices—risks a kind of artistic repetitionism at best, and yet another instance of Producer's Nudging at worst.

Certainly there are problems in staging the work (for a good account of them, see both J. W. Lambert's article in the newest *About the House* and the section of the opera in Joseph Kernan's *Opera as Drama*); but it is hardly the difficult work implied in this incensation. Simpler *Rakes*—not just Hockney's elegant setting but student productions on a shoestring budget—have told us just as much, with less obvious contrivance. When the Poussin canvas that introduces the splendours and miseries of London drops down yet again (very noisily, at times), or when Tom Rakewell and Nick Shadow break into a soft-shoe number, or when Baba siezes a club and becomes a cave-woman from a comic strip, I feel the dramatic flow is being interrupted so that we can applaud Mr. Moshinsky's own allusive

cleverness. (A minor foolishness: what on earth is the point of denying the brothel scene a visible cuckoo clock?). If the churchyard and madhouse episodes move far more easily, and indeed generate considerable power, that is because they have been allowed to do so. Here, likewise, Robert Tear as Tom was able to rely on his natural strengths as a performer to give a very moving account of both the role and the music. Earlier, got up as a lumpy bookworm in a flaxen wig, he had to labour unfairly hard under production difficulties not of his own making—a Tom without obvious physical advantage may justify the frequent learned references to his lines, but not his own confidence in being of "constitution" sound. . . . frame not ill favoured." Mr. Tear's tenor was in the early stages of the evening too forcibly delivered, with insufficient attention to line and too much fractionally below-pitch intonation; and his diction was unclear. That the task of singing Stravinskyan English clearly is awkward but by no means unmanageable was shown, in the past, by Alexander Young's Tom, and on this occasion, by Donald Gramm's superb Nick Shadow—a model of precise playing and singing that needs to be heeded by all around him. The pleasure of hearing Helen Donohoe's pure soprano at Covent Garden has been unreasonably delayed, as her debut as Anne made plain. Singing both unfailingly lovely and heartily compensated for demeanour a trifle hunched and angular—no doubt she, and the whole production, will loosen up very shortly. Patricia Johnson did not sound wholly comfortable in Baba's music; awkwardly written across the registers in a way that demands a Stignani (who was in fact Stravinsky's voice-type for the role). Good, firm performances by Robert Lloyd as Trulove and the impressively statuesque Patricia Payne as Mother Goose; John Dobson's vivid Sellem is obviously first cousin to Offenbach's Spalanzani. Among the many delights of *The Rake's Progress* is the small one of being reminded just how much meat there is in even the briefest of its supporting roles.

Television

In the name of the Father

by CHRIS DUNKLEY

In June 1962 Private Eye published one of the most memorable of all its photo-caption covers. The occasion was the opening of the new Coventry Cathedral, the picture showing a immense Suttles and lights, a phalanx of clergy and choristers in their vestments, and a packed congregation with one member saying "All right God, you can come in now." It has always put me in mind of television's treatment of religion.

Owing to the structure of our broadcasting organisations, the relative scarcity of television channels and therefore time on the air, the competition produced by the BBC-ITV system, and the consequent drive towards audience maximisation, the tendency over the years has been for television to do to religion what it has also tended to do to serious literature, news, current affairs and sport: turn it into light entertainment.

Yorkshire Television's *Stars On Sunday* which ended its 10-year run last month often seemed to exemplify this tendency at its most extreme: entertainers with big show business reputations and serious looks on their faces sang sentimental songs in which the religious content was (to say the least) obscure, and similarly famous "personalities" of one sort or another read or talked ponderously about matters which could be considered "religious" only in the sense that everything in the world is "religious" if that is the way you want to see it.

As one who does not believe in the supernatural in any of its various supposed forms, this business of trusting God (or gods) into a subordinate position behind the schizoid has always interested rather than worried me. But most interesting of all, perhaps, has been the absence of protest from those who do profess to believe in a God. The lack of objections even to such blatant commercialisation as the advertising of one's own cassettes at the end of the programme suggests that in this as in so many areas television has got its estimation of mass popular taste just about right.

The most popular programmes in this genre bear out the suspicion that for the English in particular, if not for all the British in general, "religion" nowadays consists mainly of a Betjemansque regard for church architecture, a liking (without much expertise) for hymn singing, a dotting of affection for pink checked choir boys in big white collars, and a vague respect for the trappings such as stained glass, monumental brasses, and rood screens—with God appearing very much as an afterthought if at all.

Consider, for instance, *Come Sunday At Christchurch*, the series from Southern Television which has replaced the syrupy *Stars On Sunday*. It opened last week with popular singer Vince Hill dressed in an emerald green safari suit and grey roll necked woolly, with a radio mike in his hand, tapping his foot as he delivered one of the catchy little numbers for which he is well known. Religion was supplied by shots of the church interior and by the pained look on Hill's face, relieved by the occasional little sad smile. Sunday, you see, had come.

The song was followed by a much needed apology for the poor sound quality which, however, begged the question why there had been no similar apology the previous week when the sound of Benjamin Luxon singing "Hosanna in the highest" was so far out of synchronisation with his presumably mimed lip movements that the poor man looked like a dummy goldfish operated by an inept ventriloquist.

Last Sunday Hill's first song was followed by Anthony Quire's reading from a book of apophthegms, a sample of Love grows out of our acceptance of ourselves—and then Hill's second song which contained the interestingly rhymed refrain "I won't let the evening get me down/Now that you're around." For this the singer had changed into maroon blazer, open necked yellow shirt, and cream trousers. This time soaring violins and a stained glass window provided "religion".

After his third song—"Baby don't let it mess your mind, in and Outer Circles"—sung in a fetching outfit of blue and white pullover and blue slacks—a man in purple, presumably Bishop John Taylor (he may have been identified while I was busy with my notebook) peered earnestly into the lens and asked "What is the fear that prevents us loving completely?" concluding that "We never can forget the helplessness of being a tiny baby."

Television's so-called "God Slot" is supposed to have been abandoned some time ago, yet it seems that the two main channels still dare not schedule church programmes except as like against like. Thus at exactly the time that *Come Sunday* is transmitting on ITV (8.40 to 7.15) BBC 1 puts out *Sonus Of Praise* or, starting last week, *Your Sonus Of Praise Choice* which is billed as a "New Series" but appears to consist of Thom Hird in studio linking clips from old programmes of hymn sing-alongs.

This programme does at least have the grace of Thom Hird's utter honesty. Between one sequence combining pictures of little calves and "All Things Bright And Beautiful" last Sunday and another involving "What A Friend We Have In Jesus" from the Salvation Army at Coverack, Miss Hird (who also offered a little homily about the beauty of the Lake District where she confided, she did her courtships—"You don't need to go abroad, do you?") said:

"I expect there are a lot of you watching tonight who don't go to church. You may not even think of yourselves as Christians. But I bet you still like the hymns you remember from childhood. And there you have it."

As one of the non-church going majority and furthermore an irreligious viewer, such shallowness is of no great personal concern to me. One can quite see how a homely connection of sentimental popular songs and soothing stories presented against a vaguely ecclesiastical background might bring comfort to some viewers, particularly the elderly.

What does seem rather odd, however, is that the churches appear quite unaware that such programmes can only ultimately

bring them into disrepute with the thinking public since they clearly have as little to do with the sinews of any real organised religion—faith, ethics, discipline and so on—as has *The Dances of Mystery*.

That is a rather jolly drama serial from Granada which is being transmitted at 3.30 on Sundays apparently because the central character, played by Michael Craig, is a vicar. Since the vicar is an ex-policeman and since the plot is concerned entirely with the valuable "Dances of Mystery" and not even with the sort of moral problems which Granada's old *idea* *Serials* series *The Lions* looks suspiciously, and quite enjoyably, like cops and robbers by another name.

It must be added that there are, of course, two series which do deal with moral questions: BBC1's *Heart Of The Matter* and ATV's *Juggernaut*. They are similar in several respects: six weeks ago they even covered precisely similar subjects on the same Sunday, both quarantined themselves about re-creating their beliefs, with the demands of the job. Both are admirable series, *Juggernaut* because it deals straightforwardly with some perennial conundrum—the place of the clergyman in the army last week—and *Heart Of The Matter* because it has one of the sharpest and most stringent reporters/interviewers anywhere on television.

Yet if the hymn programmes are too much like light entertainment to be called religion, these two series tend towards social studies (though to be fair *Juggernaut* works from pretty strictly Christian assumptions). Barring the religious hubbub of *Heart Of The Matter*, what television has, now and has lacked in all the years I have watched, is a programme devoted to the fundamental questions about religious belief: Does a God exist? If the idea of a God is necessary to explain the creation of the universe, is it necessary to explain the position of that God? What is faith? If God is love, who made mosquitoes? Are the Gods of different faiths facets of a single phenomenon?

Tangential debates such as the nature/nurture argument (does genetics or upbringing count most in moulding us?) crop up all the time on television. *Horizon* recently claimed that in sex it is genes that really matter. On the first of London Weekends *Question Of Sex*, Anna Ruchman predictably claimed that it was upbringing. The religious view on such a subject would cut very little ice with me, yet it is surely a crucial consideration for anyone with religious faith.

Even a non-believer might be helped in the pondering of such matters if television would only allow the idea of God in without having to wait for all the lights to be switched on.

'The Family Reunion'

*The Family Reunion*, by T. S. Eliot, in the production by Michael Elliott for the Manchester Royal Exchange, opened last night at the Vaudeville Theatre. Starring Edward Fox

it was very warmly reviewed by B. A. Young when it was presented in Manchester, and described as "sheer magic" by Michael Coveney on its move to the Roundhouse in April. Recommended.

Theatre Royal, Drury Lane

A World of Wisdom

by MICHAEL COVENEY

The house for Norman Wisdom's show on Monday night was more than this. It was positively anorexic. Even the onstage band were nodding off as the little man, who resembles a jockey in more ways than one, battled against the insuperable odds of a bullying straight man, Tony Payne, a rude brass section and massive public indifference. The whole thing is like a lightmarish Anthony Newley hour in which a self-pitying clown with an IQ of about 100, 4 numbers repetitively on about his right to entertain an audience. Will this tattered little failure, in the words of one of his many nauseating songs, transform himself into a sophisticated success? The answer is cruelly ironic. I remember laughing a lot in an early Wisdom film, *The Pure Peep* in which our hero, in the pretext of joining the army, kept falling over and kicking his tongue out. But I was about ten years old and it was a wet Wednesday afternoon at Ramsgate. There is no unmet with Mr. Wisdom's achievements in the past; he was, after all, a linchpin of the British Film Industry, such as

it was, for almost 20 years. But a one-man show demands discipline, shape, a sort of brash humility and, above all, style. Mr. Wisdom will fall over and sticking his tongue out, falls on all counts. Despite his trim figure, ingratiating smile and blithe unawareness of his own shortcomings, the result is a tatty hotch-potch of the sort that might have been good for a jockey evening out in an unfashionable resort at Drury Lane. The impact is sadly second-rate.

Not only does Mr. Wisdom mix his diluted Jerry Lewis act with pallid imitations of an eccentric dancer, he reveals a fatal tendency to burst into songs by Bricusse and Newley. Mr. Payne is not as stern a stooge as was Jerry Desmond. He is the same, the same, the same, as the well-drilled as the Rockettes of the Tiller Girls. They are, however, a pleasant relief from the excruciating bid for our sympathy made by Mr. Wisdom, a sexy little line of disco symphets, all stockinged bottom and protruding hip. The show is at Drury Lane for two weeks, which sounds to me like a generous run, given the circumstances.

Two Sadler's Wells premieres

Sadler's Wells will follow its season at the Edinburgh Festival with two one-act ballets on September 9: Kenneth MacMillan's *Flower* and David Bintley's *Touch And The Street*, to be premiered at the

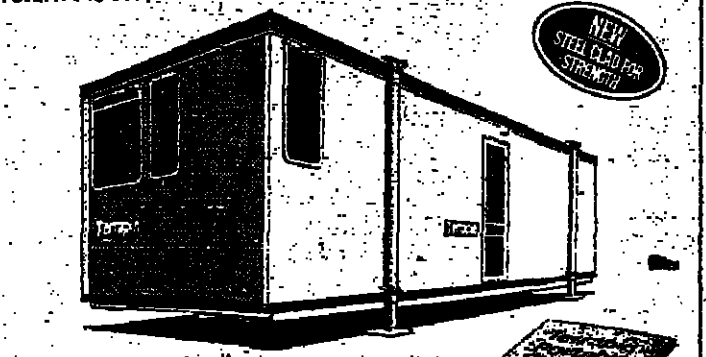
Festival. The season also includes the first London performance by Sadler's Wells Royal Ballet of Kenneth MacMillan's *Elton John's Suite* on Tuesday September 11.

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Elizabeth Hall

Twelve cellists

In an ideal world, each orchestra would sprout subsidiary chamber ensembles, quartets, trios, to refresh and maintain the players' corporate standard. The Vienna and Czech Philharmonics boast a number of fine string quartets in their ranks, and Berlin and Vienna each have famous octets (based on the instrumentation of Schubert's work). Less predictable, and so more unexpectedly enjoyable, the 12 cellists of the Berlin Philharmonic have been giving recitals as a chamber ensemble since 1972.

On Sunday night they made their British debut at the Q&E, presented by the Park Lane Group in association with the Goethe Institute. The programme opened with the only arrangement of the evening, a Suite in D by the seventeenth century German David Punk. It was not a particularly original or interesting work, but it served to introduce the performing standard of the group. The unanimity of bowing and vibrato, the careful matching of tone colours, are to be expected in any department of a great orchestra's string section; but the subtle gradations of dynamics and inflections of phrasing were exceptional by any standard.

Julius Klengel's Brahmsian Hymnus op. 59 showed the ensemble's wide range of rich and mellow tone colours, redeeming a pleasant but

mediocre composition: no amount of subtlety or skill could save the cathartic triteness of Villa-Lobos's *Bachianas Brasileiras* No. 1.

Two works were commissioned by the cellists: *Missiones Ritmicas* by the Austrian Helmut Eder is a nicely varied, skilful work, using a range of sul ponticello effects, high harmonics and pizzicati to excellent ends. In some of the densely wrought chromatic passages the overlapping harmonic spectra of 12 equally rich instruments produced a kind of resonant overload, and the cellists suddenly sounded like an accordion—not I think the texture Eder had in mind. But this was nevertheless a resourceful and intelligent piece.

Unfortunately, Boris Blacher's *Blues—Espagnola—Rumba* Philharmonica was longer, more pretentious, and less successful. Though Blacher aired some engagingly silly ideas, the work was only sporadically composed and his sequence of events refused to cohere into an overall shape. One's disappointment in hearing the piece was reinforced by the programme note, which informed us that works by such interesting composers as Iannis Xenakis and Karlheinz Stockhausen had been written for the group. It's a pity that neither of these composers' pieces, nor Consorts by David Rowland, could have been included in the programme. RICHARD JOSEPH

Complete Berio Sequenzas at Bart's

The first UK performance of the complete cycle of Luciano Berio's eight Sequenzas is on the features of the second St. Bartholomew's Festival of 20th century music from July 8 to 14.

This impressive concentration of lunchtime and evening concerts will include works by 28 British composers while recognising developments in Eastern Europe, Holland and the U.S. Andrew Morris, organist of the 12th century Priory church in Smithfield, has ensured a number of UK premieres in the festival.

There will be an opportunity to meet works by the U.S. composer Barbara Kolb in a Lantano Ensemble concert on July 9, and there will be several new pieces in a concert featuring computer synthesised tape the following evening.

Artists appearing include Georgy Pauk (violin), Peter Frankl (piano), Rose Andrest (guitar), Jeanne Gregson (soprano), and Robert Sherlaw Johnson (piano).

The festival box office is at Magenta Music, 33, Chalmers Park, London, N6 (01-340 6200).

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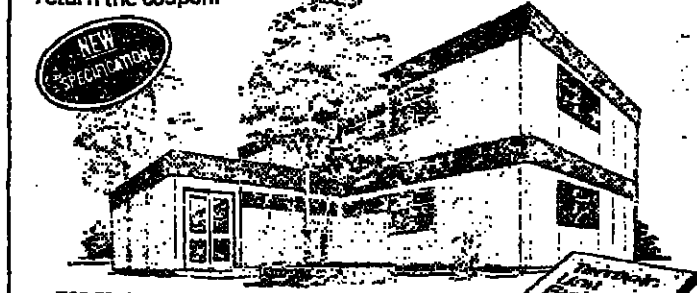
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## FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC6A 3BT

Telephone: 01-262 2000

Wednesday June 20 1979

## Bad news for UK industry

THE UK trade figures, which were greeted in the financial markets first with relief and then with some doubt, are in fact very bad. This was only to be expected, since they tell the still incomplete story of a period when production was disrupted by strikes and bad weather, while consumer spending was inflated first by excessive wage settlements and later by the rush to anticipate a well-publicised rise in expenditure taxes. The current account as a whole should improve sharply in the second half of this year—though the figures will actually be worse than the truth for some time.

## Oil account

However, while a return to balance, and probably to modest surplus, will no doubt confirm foreign holders of sterling in their favourable judgment, it may be of very limited comfort to British manufacturing industry. This is because the oil account, which has already shown an improvement of about £600m in the first five months of this year compared with the second half of 1978 will improve much more strongly in the second half of the year, due to a combination of higher prices and rising output.

The improvement on oil account for the year as a whole compared with 1978 is now estimated by Morgan Grenfell at £3bn. If this figure is accepted (and it may be too high) then the official current account forecast issued at the time of the Budget—a deterioration compared with 1978 of about £1bn—means that the balance of trade apart from oil will be worse by £4bn.

This again is only the beginning of a continuing process. The oil account is now expected to move steadily into large surplus; if the current account as a whole remains near balance, this implies an equally steady worsening of non-oil trade. On this projection, British industry will steadily lose market share, both in world markets and especially on recent figures, in the home market. This in turn means that the growth of manufacturing output will steadily lag some 2-2½ per cent behind the growth of home demand. The much remarked gap between demand growth and manufacturing growth in the last year is not an accident, but a likely trend, at any rate in present policies.

These figures send a vivid colour to the Chancellor's warning in his Budget speech that unless the challenge to economic management is met, North Sea Oil could prove a curse as much as a blessing. It has so far enabled us to enjoy rising consumption despite industrial stagnation, and a rising exchange rate despite rising costs; but these trends can only be damaging to profits and investment, and leave us weaker than ever in a decade or so, when oil earnings begin to tail off.

It is much easier to diagnose the problem than to prescribe a cure. The Morgan Grenfell survey says heavy stress on the importance of financial management. This stress explains itself when it is remembered that the capital account is, in an accounting sense, a mirror image of the current account. A current surplus means capital outflows.

The argument is easier to follow in terms of the exchange rate. If the exchange rate has risen steadily during a half year when the current account has been in deficit at an annual rate of £2-3bn, its strength when the current account improves could become unmanageable. In these circumstances, a fiscal and monetary policy which results in high interest rates, and stimulates investment demand for sterling, makes the problem much worse. Quicker relaxation of exchange controls, or Morgan Grenfell's proposal that the Government should try to obtain an earlier contribution from the funds of North Sea operators to finance its deficit, could relieve these pressures.

More generally we would argue that the temporary income from the North Sea should partly be saved, whether through foreign assets acquired through a current account surplus, or domestic investment. This is a challenge not only to financial but fiscal policy.

## Borrowing

The trade figures, in short, reinforce our comments on the Budget: the implications of the planned borrowing requirements, both for interest rates and for the balance of payments, are bad news for British industry. If monetary pressures and interest rates soon subside, it may be possible to wait for the natural full-year improvement in the fiscal balance next year to improve the balance of payments; but the present trends of the current account do not allow for this. The damage to industry could be lasting.

## What to do with shipbuilding

THE FATE of British Shipbuilders is hanging in the balance. Yesterday it was announced that it had lost a vital order from Shell for a North Sea support vessel, which was its main hope for providing work for the Gowanus shipyard. Sir Keith Joseph is to decide on whether, and when to begin selling the profitable parts of the company back to private enterprise. Shipbuilding may well be the first test case in which the Government has to balance short-term political considerations against the long timescale on which industry operates.

## Scramble

British Shipbuilders lost the Shell order to a Finnish shipyard because the price it offered, £70m, was £30m too high. The illustration on only Britain's relative inefficiency, but also the fact that Britain is neither the only nor the worst offender in the increasingly destructive scramble to subsidise industry, or allow it to run at a loss. The Finnish price, at £40m, below what British Shipbuilders believe to be the likely raw material costs alone.

But the fact that other countries may be featherbedding their industries with subsidies or that there may occasionally be sound commercial reasons for operating at a loss is no reason for the British Government to throw good money after bad. If there must be Government subsidies to industry, strict national self-interest would suggest spending the available money on industries that are not subsidised abroad, since these are more likely eventually to be their foreign competitors. Fortunately international competition has not become so predatory yet, which is why the Government should continue to support British Shipbuilders with the current level of subsidy, while resisting temptations, such as that posed by the Shell order, to go any further. At the same time it should press harder for concerted European action against shipbuilding subsidies and to rationalise the industry.

There are several reasons for believing that British Shipbuilders has not yet passed the

point at which it would best be abandoned entirely to heavily distorted market forces. Its labour force has at last developed a sense of realism. Wage claims have been moderate and large redundancies have been accepted with resignation. After a few more years of slumping, and after the world economy begins to pull out of recession, there could be specialised ships which the British industry would be well placed to build profitably.

With the right type of product, skilful management and good labour relations, the Danish shipbuilding industry has proved adept at weathering even the current economic storms. Britain's very large shipping fleet and its dependence on North Sea oil makes it a natural shipbuilding nation. British Shipbuilders' one overwhelming handicap is the lack of management direction that has resulted from the protracted and bitter nationalisation campaign. The industry badly needs a period of organisational calm in which to adjust its sights and learn to live on a number of scales and within its means. The structure of cash limits and a strictly limited intervention fund created by the last government could create the right conditions for this, particularly coupled with Conservative commitments to stick to the disciplines involved.

## Naval orders

But the other side of the Conservatives' industrial programme, involving the hiving-off to private buyers of the profitable naval shipyards would be folly at the present time. The naval shipyards are profitable only because of the generous prices paid by the Ministry of Defence, a fact which may well deter private investors conscious that such effective subsidies could be turned off as readily as ones from the Department of Industry by a government of another hue.

The ultimate aim of bringing private capital back into shipbuilding is sound. But at the moment British Shipbuilders need a firm commitment to current policies—and time, which in industry, unlike politics, means years rather than months.

## Chemical industry counts the huge cost of safety

By SUE CAMERON, Chemicals Correspondent

THIS year the UK chemical industry will spend over £100m in the continuing battle to ensure that neither its plants nor its products pose any undue threat to employees, the public or to the environment. Next year the sum will be higher still—for the annual cost of safety is rising steadily.

A survey carried out by the U.S. Chemical Manufacturers' Association showed that American chemical companies spent \$500m on environmental control during 1975 to 1978. The sum represented 8.5 per cent of their total capital expenditure. But the survey, which covered 106 companies, forecast that in the three years between 1977 and the end of 1979 the amount spent would be £1,650m—11.6 per cent of total capital investment.

Meanwhile in Europe, the West German chemical industry's running costs for keeping national waters free from pollution—notably the waters of the River Rhine—rose from £167m in 1974 to £222m in 1977.

BASF, the giant German chemical group, points out that these running costs have to be paid annually regardless of a company's financial standing. It claims that for many German chemical companies the total costs of environmental safety are higher than net income after tax.

Yet generally chemical companies in both Western Europe and the U.S. do not jib at paying these heavily increasing costs. Companies are well aware that the cost of a major disaster such as Flixborough can be even higher—in terms of lost plant, business, prestige and the backwash demand for tighter safety laws. What is currently causing concern in the chemical industry is the style of new safety regulations being introduced by both the U.S. and the European Economic Community.

In the U.S., the Environmental Protection Agency is currently implementing the Toxic Substances Control Act, introduced in 1976. The agency's robust approach to its task has brought fierce opposition from chemical companies on both sides of the Atlantic—for the new law applies to imported chemicals as well as to U.S. products.

The agency has drawn up a list of 40,000 existing manufactured chemicals and is now proposing a pre-manufacturing notification system for new chemicals not yet on the list. If the present proposals go through, chemical companies will be required to provide detailed information about new products. Yet if the agency is not satisfied with the data it receives on a new chemical, it will be able to ban sales of it throughout the U.S.

The cost of conforming to the proposed pre-manufacturing notification system has been

estimated at between 240,000 and 280,000 for each new chemical substance. FPG Industries, a U.S.-based company which normally expects to bring up to 100 new chemicals on the market each year, says the cost of the proposed system would be "prohibitive." It adds that the system would also inhibit innovation and make the U.S. chemical industry less competitive in world markets.

Similar arguments were put forward by Mr. Paul Orefice, president of Dow Chemical U.S., when he appeared before a Congressional sub-committee last year. Mr. Orefice said that in 1978 Dow had to spend over \$98m to meet U.S. federal regulations. He added that \$10m of this had been spent on paperwork alone.

He added that the cost of excessive and unnecessary regulations would have a negative effect on the U.S. balance of payments "through the weakening of America's industrial competitive position." He also claimed that some U.S. regulatory agencies were dictatorial and went on to accuse the Environmental Protection Agency of conducting a "clandestine spy operation" against Dow.

## Non-tariff barrier

Spies apart, there is almost equal concern about the activities of the EPA among those European chemical companies which export to the U.S. Some have come to regard the proposed pre-manufacturing notification system as nothing less than a tariff barrier to trade. The Association of Plastics Manufacturers in Europe has made representations to the U.S. to this effect. But the battle about pre-manufacturing notification is not yet over and there is a chance that the EPA will ultimately be forced to reduce the amount of data it demands on each new chemical in order to determine whether or not it is safe.

Meanwhile the European Economic Community is planning to bring in a pre-manufacturing notification system of its own for new chemicals. But the European Commission's proposals have not created quite the same furor as those in the U.S., mainly because they allow for a greater degree of flexibility.

The proposals are in the form of an amendment to the 1967 EEC directive on substances dangerous to the environment and the amendment was being discussed in Brussels yesterday.

Under the amendment, chemical companies would have to give the relevant authorities in their own EEC member states certain information about any new product they were planning

to put on the market. They would have to provide details about such matters as toxicity, production tonnages, anticipated uses, classification and labelling.

The authorities in a particular member state would examine the data and then decide whether to give a straightforward go-ahead for production, whether to place certain restrictions on the use of the new chemical or whether to ban it altogether.

National authorities would be responsible for passing on all the relevant information to the European Commission, and permission to market a new chemical in one Common Market country would hold good for the other eight.

In contrast to the U.S. proposals, certain new chemicals would be exempt from the entire European pre-manufacturing notification system. The exemptions would include new chemicals being produced in tiny quantities while manufacturers waited to see whether or not they were marketable on a larger scale. The aim would be to avoid unnecessary paperwork on products which turned out to be commercial flops and were quickly withdrawn.

Negotiations over some of the details of the amendment are still in progress. Member states are arguing about the exact nature of the exemption list, about the phasing in of testing requirements for small tonnage new chemicals which are subsequently produced on a larger scale, about confidentiality and the way the whole system should be applied to imports. But there appears to be general agreement on the broad outline of the proposed scheme.

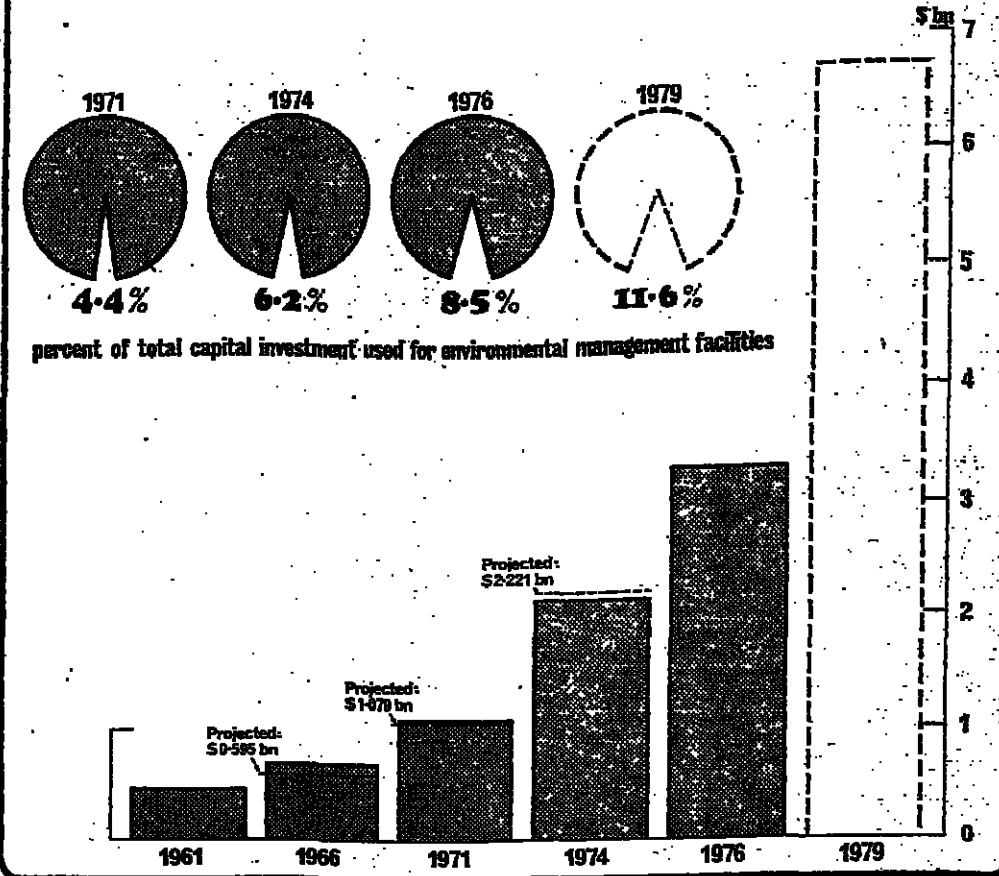
In the longer term, attempts to draw up a common EEC policy on the safety of chemicals and chemical plants could be given a much rougher ride. Chemical companies in West Germany and the UK are particularly worried that harmonised EEC safety regulations could become too rigid and bureaucratic.

There are fears that Brussels may try to insist not just on common, broad-based safety standards but on common methods of achieving them. These fears increased during EEC discussions on pollution control when proposals were made to introduce fixed emission levels—specified quantities and concentrations—for the discharging of waste into water. The principle on which fixed emission levels are based is already enshrined in U.S. law which requires all companies to use the best technology available to control discharges of waste into water. The main justification for this approach is that it is scrupulously fair—if all companies are forced to use the same methods of pollution control they will all face similar costs and none of them will be put at a competitive disadvantage.

The chemical companies, however, argue that it is ridiculous to insist on uniform methods of controlling water pollution regardless whether a plant is pumping its effluent into the Atlantic Ocean or into a small trout stream.

## US CHEMICAL SAFETY CONTROLS

TOTAL ACTUAL and PROJECTED CAPITAL INVESTMENT



ever, argue that it is ridiculous to insist on uniform methods of controlling water pollution regardless whether a plant is pumping its effluent into the Atlantic Ocean or into a small trout stream.

The Common Market debate about harmonisation of methods is still rumbling on although the question of fixed emission levels for the control of water pollution has now been settled, admittedly through a thoroughly soggy compromise. Fixed emission levels have been included in the EEC directive on water pollution—but with a 'loose' clause which permits companies to use alternative methods and measurements providing they meet the required standard.

The legal enforcement of safety standards is another area where interference from Brussels would be unwelcome to many chemical companies—particularly British ones. The U.S. and the nine Common Market countries all have different methods of enforcing safety regulations and some, including the UK and West Germany, are much more effective than others.

In the UK much of the responsibility for enforcing regulations rests with the factory inspectorate which tends to approach its task in a comparatively flexible way. This is in contrast to the U.S. where the authorities have to have a search warrant before they can examine a plant.

The UK factory inspectorate—which does not need warrants to enter plants—exercises considerable discretionary powers over the implementation of safety requirements. It looks at what is practically possible in terms of cost and equipment as well as at what is desirable.

The factory inspectorate can issue three different types of enforcement notice: if it is dissatisfied with safety standards at a plant, it can serve improvement notices on companies that are too slow in acting on less formal recommendations; it can put out a deferred prohibition notice, which means a manufacturer has to make certain improvements within a specified time or else close; and it can issue a total prohibition notice

which forces a producer to shut down the plant concerned immediately.

Between 1975, when the Health and Safety at Work Act became operative, and September last year a total of 35,000 enforcement notices were issued. In the whole of last year 5,375 improvement notices were served, 391 deferred prohibition notices went out and 1,406 immediate prohibition notices were ordered.

These figures represent only a small proportion of the 0.5m or so offices and commercial premises in the UK. But the actual numbers might be considered to be startlingly high.

The chemical industry in the UK has a much better safety record than many other industries. And when accidents do occur in chemical plants they are often of a general nature—such as people falling off ladders—rather than being the result of a chemical explosion or a leak of poisonous fumes.

## Tighten up quickly

Yet safety standards for chemical production are, of necessity, more rigorous than for many other types of manufacturing. Regulations can also be tightened up extremely quickly if there is hard evidence that a chemical is much more dangerous than was previously thought to be the case.

There was a time when there was no threshold limit value for vinyl chloride—a threshold limit value is the recommended maximum concentration of chemical parts per million of air (ppm). A limit of 300 parts of vinyl chloride per million of air was introduced and then, in the early 1960s, it was discovered that people working in vinyl chloride plants in the U.S. often suffered from a disease of their hands.

They were in fact the victims of a rare form of cancer which was caused by being in contact with vinyl chloride. In the UK, the threshold limit value for vinyl chloride, which stood at

200 ppm in 1974, was cut to 50 ppm and it has now been reduced to 10 ppm.

The drastic reduction in the limit for vinyl chloride was made after consultation with the chemical industry and with chemical trades unions. Inevitably it was the final stages of the operation that were the hardest. It is comparatively easy for a chemical manufacturer to go from a limit of 200 ppm down to 50 ppm. Simple, obvious precautions can be introduced such as insisting that workers wear protective clothing.

But going from a limit of 50 ppm down to the region of 2½ ppm and below cannot be done without the installation of sophisticated and expensive new equipment. The chemical industry has to face up to the problems of sudden cuts in threshold limit values as and when they arise. Last month the Health and Safety Commission announced that the limit for acrylonitrile was to be cut from its present level of 20 ppm to 2 ppm by 1981. The decision to reduce the limit was taken because there is some evidence that acrylonitrile can cause cancer in humans.

The tightening of national regulations means higher safety costs for chemical companies as do attempts to harmonise EEC regulations. The industry probably has a reasonable case for saying that the latter is not always justifiable in terms of returns on capital.

The chemical industry also seems to have a reasonable case for claiming that its safety record in the last three or four years has been a good one with few major accidents. Yet when an accident involving a chemical or a chemical plant does occur it is often an extremely large scale—Love-Greek in the U.S., Flixborough in the UK and Seveso in Italy.

It is for this reason that the industry will probably have an uphill fight to change proposed new regulations on safety. It is also the reason why the cost of trying to make chemicals and chemical plants safe is likely to continue to escalate over the next few years.

## MEN AND MATTERS

Number 10 goes for Veil

A certain friction has already developed. I gather, between 10 Downing Street and James Scott-Hopkins, leader of the 60-strong Conservative delegation to the European Parliament. Displaying a fine instinct for political reality after a clear-cut election victory, Mrs. Thatcher suggested that Euro-MPs should support the "elegant French Health Minister, Mme Simone Veil, as the next President of the Assembly.

Scott-Hopkins, I understand, feels that the British should put up their own candidate. Even though he would have no chance of withdrawing him at a strategic moment would, Scott-Hopkins argues, give the Tories a certain bargaining power—chairmanship of a committee, perhaps.

This not very subtle notion is likely to be the subject of some scepticism in Smith Square to day when the new Euro-MPs all meet for the first time, for lunch. During moments when they are not being regaled with Central Office platitudes by Lord Thornercroft, the soup, maybe—they could well be asking themselves who could credibly be even thought of as President. Effectively it would have to be someone with a dual mandate. And the names fall from the tongue as enticingly as random names in the London telephone directory: Jim Spicer, Tom Normanston, Sir Brandon Rhys-Williams.

Mme Veil, by contrast, is the most popular politician in France, possibly in Europe. The symbol of Giscardian liberalism—moderate, anti-doctrinaire, rationalistic—she is extremely close to the French President. Shrewd Euro-MPs feel it would be foolish to thwart him when it is likely to be in power for the next 10 years, for the sake of uncertainty in any event minor political advantage. Mme Veil, a survivor of the

Number 10 goes for Veil



concentration camps, who still has the number 78651 tattooed on her forehead, is seen by many as embodying everything that the Community of Europe should be about. She remarked recently that the EEC was a safeguard against anything "like that" happening again, a view which struck more chords than all the millions of words spoken and written on currency baskets.

## Coming home

That veteran of Trafalgar House, John Cory Mitchell, returns to London soon to take over as the GLC's "super-salesman" of council houses on a three-year contract. Mitchell, 51, who trained as an engineer, is still in Africa, where he is advising the Zambian government. Many observers in the City are still curious to know just what happened in September last year, when he precipi-

tally resigned all 58 of his Trafalgar directorships after ten years with the group. He gave no explanation, and Trafalgar vouchsafed only that he had "taken a month off in lieu of notice."

Mitchell's fairly modest remuneration of £14,000 a year post as director of the new home ownership department includes commissions on sales. This department is intended eventually self-financing.

## Guarding Jimmy

Among the more unpopular visitors in Vienna during the Soviet-American summit were the U.S. secret service people purporting to protect President Carter and his family. Lurid stories about the rude behaviour of the American guards made headlines in the Vienna popular dailies. Austrian journalists, normally second to none in their anti-Communism, compared the Soviet bodyguards and KGB officials favourably with their American counterparts.

After Mrs. Vera Kreisky, the wife of the Austrian Chancellor, was allegedly invited during an excursion with Mrs. Carter—having been mistaken for a tourist—Austrian security officials contemplated a formal protest. The guards' suspicion extended to the Austrian Minister of Agriculture, Dr. Guenther Hayden, who was prevented from entering yesterday the famous Spanish Riding school—though the school is under the supervision of his ministry. Even TV reporters were manhandled, I gather.

## Bearding Juan

Much to the surprise, amusement and curiosity of his subjects, King Juan Carlos has begun to grow a beard. He first appeared in public a fortnight ago with an apparently acci-

dental weekend stubble. The next his subjects knew, he was on a State visit to Morocco displaying very determined facial growth.

Because of the strained relations with Morocco over the fate of the former Spanish Sahara and the two Spanish enclaves Ceuta and Melilla, this led to wry comments in Madrid about a prickly embrace. No-one, however, suggests the King of Spain will get his beard singed—the Spanish prefer to forget the experience of the Armada.

## Discussion closed

"Enterprise 79," a three-day British Institute of Management conference scheduled for the end of this month, has not been attracting universal interest. It seems just too few enterprises were prepared to fork out £172.50 a time for their managers to go and listen to the exhortations to commercial virtue of Sir James Goldsmith, Sir Richard Marsh, Shell's Michael Pocock—or even Sir Keith Joseph. "Enterprise 79" has now been cancelled for lack of interest. The demand for commercial evangelism seems to have taken a severe turn since the advent of its high priestess in Downing Street. "We made a mistake," the BIM's chairman, Leslie Tolley, admitted yesterday.

Fittingly enough, one of the topics at the conference was to be "Finding A Market Opportunity."

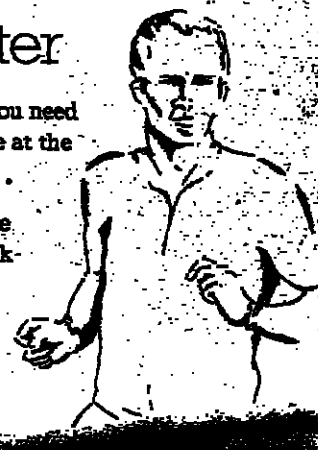
## Evidence

From Andorra a junk-shop owner tells me he received a typed note from a customer to whom he had sold a second-hand typewriter: "Dear Sir," it read, "This typewriter is on damn good. The numbers and are missing."

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# FINANCIAL TIMES SURVEY

Wednesday June 20 1979

## European Vehicle Components

### Suppliers face a major challenge

By Kenneth Gooding  
Motor Industry Correspondent

IR TERRY BECKETT, chairman of Ford UK, suggested recently that demand for smaller "world cars" in the U.S. did not present much of an opportunity for Europe's vehicle manufacturers but opened up a new era for automotive component companies.

His argument was that the rates would remain faithful in the main to its own particular type of car, a vehicle which used America's road system.

American and European rivers demand very different characteristics from their cars in terms of ride, handling and interior trim. Therefore, the chances that American cars might make inroads in Europe after they had been shrunk in size and made more economic to use were pretty remote.

And, if they were realistic, European car companies should expect to make further progress in the States—perhaps the reverse might be true because the U.S. manufacturers would be facing the fuel economy which in the past had been a major attraction of the imports.

However, the two dominant U.S.-based multinational car groups, General Motors and Ford, which had been thinking in terms of building vehicles suitable for all the European markets—the "European car"—are now thinking in terms of "world car," one which could be assembled in several different geographic centres.

well-placed to supply assemblies and components for the "world cars." Sir Terry suggested that the European groups had a good opportunity to supply engines, transmissions, back axles and so on—the valuable heart of the motor car.

He might also have pointed out that the "winners" would not only be serving the mature U.S. and European markets, but the developing countries. An indication of the potential in these territories was given in a 1978 Economist Intelligence Unit report which identified 67 vehicle assembly plants in South-East Asia, about 36 in Latin America (not counting Brazil or Argentina) about 32 in the Middle East plus ten projected.

At the same time the Japanese market—which could be described as semi-mature in that there are only 172 cars per 1,000 population compared with about 300 per 1,000 on average in the major European markets—is already showing signs of opening up for imported components.

### Japanese

The Japanese undoubtedly will be in the forefront of the competition to win the "world car" component contracts in the 1980s but will have to make greater attempts to balance their trade in automotive exports and imports in the process.

Another factor which the independent European component makers must bear in mind is that General Motors and Ford both manufacture many of their own components in Europe and undoubtedly will use these for the smaller American cars (and U.S.-made components suitable for European cars) whenever possible.

So, although the opportunities at the beginning of the 1980s will be enormous, the risk potential is pretty large too.

Competition in the European components market is already fierce. There are about 290 principal component manufacturers supplying both original equipment and replacement parts. According to many know-

The growing demand for smaller "world cars" in the 1980s also brings with it great opportunities for European vehicle component manufacturers—but fierce competition, particularly from U.S. and Japanese companies, may force European suppliers to consolidate resources for research and production in order to meet the new international challenge.

ledgeable observers, this will have to change.

A report from General Motors' AC Delco, pointed out that in the U.S. the three top car manufacturers produce 9m vehicles annually and there are about 30 major component suppliers. On the other hand, in Europe there are 12 major manufacturers producing only slightly more vehicles and buying from ten times as many suppliers.

It is widely forecast that by the end of the 1980s there will be only five major car manufacturers in Europe and the merger last year of the Peugeot-Citroen group with Chrysler's European operations gave an indication of what will almost certainly happen as automotive groups amalgamate.

Peugeot, Citroen and Chrysler will continue to design and produce their own ranges. But all new cars will have to be based on a common supply, or pool, of components.

If the pattern is repeated with other European car makers, the components industry will be forced to consolidate—particularly as the pressure is increased by the trend to smaller and more economical cars in the U.S. using similar components to those on European vehicles.

Country	1975	1977	1979	1981	1983	1985
Germany	1927	1993	2002	2124	2279	2365
France	1394	1277	1846	1860	1990	2075
Italy	1330	1381	1440	1527	1490	1703
UK	1232	1277	1383	1395	1493	1649
Spain	428	544	703	782	879	985
Sweden	265	259	370	287	304	322
Others	1019	1110	1150	1257	1471	1504

Source: AC Delco Estimates

to develop a new model and get it into production. When you remember that 35-40 per cent of its value is going to be in bought-in components you are talking about research and development on a huge scale by suppliers and that means they have got to be big."

### Viewpoint

Not everybody in the industry would agree with those sentiments. For example, Mr. J. Scott Ward, formerly with the UK components group Guest Keen and Nettlefolds, and now a consultant to the motor industry, remarked in the Economist Intelligence Unit report that the medium-sized companies are likely to have the greatest successes in the future.

He said a company "needs to be sufficiently small that

vital policy and other decisions can be taken with the minimum of delay, while implementation, in the event of a positive decision, can be kept under surveillance from a responsible level until satisfactory completion.

"In large companies there are normally several interests to be consulted before even initial decisions or action can be taken, while for small companies the venture capital, back-up resources and dearth of highly-skilled and therefore well-paid specialists may be insuperable problems."

Of course, restructuring of the European industry has been going on for many years. The U.S. groups operating in Europe have been enlarging their interests considerably by buying up suitable UK companies. The recently-completed bid by Rockwell International for Britain's Wilmot Breeden is

just one of several examples during the past two or three years.

In Italy the Fiat component companies have been organised into a more cohesive force as part of the big upheaval in the Fiat group's structure.

In France the Government has been prodding parts of the components industry into shape. The country has a comparatively weak industry, a legacy from the way it was kept fragmented because the vehicle assembly groups preferred it that way. But now Ferodo has been used to create an electrical motor components group capable of offering the most advanced equipment as well as more mundane components such as alternators and starter motors.

What has been conspicuously absent so far, however, is cross-frontier mergers between European groups. Guest Keen and Nettlefolds tried to lead the way by seeking control of the Sachs clutches group in West Germany, only to be foiled by the German Cartel Office.

"Undoubtedly, it will take a great deal of time—or extreme commercial pressures—to break down the nationalistic attitudes of the individual countries which make up the EEC.

However, necessity is forcing British components manufacturers to look outside their native territory because vehicle output has shrunk so far so fast. Vehicle manufacturers prefer supply lines to be as short as possible and it was therefore to be expected that the British components groups would have

to build some facilities near the Continental car and truck assembly plants which are expanding rather than contracting.

In Italy Fiat has had such a dominant position for so long that it, too, must look outside its own country for any large-scale expansion.

All this is taking place against a reasonably buoyant background and a generally optimistic feeling about vehicle sales in Europe.

In spite of mounting concern about oil supplies, the car makers are confident that the modern European will give up practically everything else in the way of consumer durables so that he might still have his private transport.

For example, Ford is convinced that by 1985 the Western European car market will have risen from just over 10m new registrations in 1978 to 11.2-11.5m.

And the latest industry survey by the London-based Economic Models Group suggested that the EEC's car-owning population would grow by 3.5 per cent a year from just over 50m at the end of 1978 to more than 95m by the end of 1984.

### Value

The commercial vehicle makers are also convinced that the value of road transport to the economy will continue to be recognised. Economic Models forecasts an average annual growth rate of 2.5 per cent for commercials, taking the new registrations of vans and trucks of over 2 tonnes gross weight from 603,000 in 1977 to 714,000 in 1984.

AC Delco's forecast is that the European market for primary components (those which are fitted to the vehicle without further manufacture) should rise from the current estimated of £8,790m to £10,505m at current prices by 1985.

The main growth markets are for components which ones used to be rarely fitted, often only as luxury extras, but which are now being specified as "standard" more often. Obvious ex-

amples are automatic transmission, power steering, air conditioning, electric window regulators and electronic ignition.

However, the main pressure currently being put on the component makers by the vehicle assembly groups has to do with the production of components which do the traditional jobs but weigh very much less. At the moment the average family saloon has from 15,000 to 20,000 component parts and up to 40 per cent of its value may be in primary components bought in by the car maker from outside suppliers.

So these suppliers can play a big part in reducing the total weight of the finished car—the method being used to win better fuel economy.

The drive for fuel economy is not just a fashion. In the U.S. legislation means that the manufacturers cut average fuel consumption across their model ranges in 28.5 U.S. mpg by 1984 by gradual steps from today's average of 18 U.S. mpg.

Europe almost certainly will not introduce legislation but commercial undertakings are forcing the car and truck makers towards similar goals. Already in West Germany the manufacturers have undertaken to cut fuel consumption at 15 per cent for cars and a net 10 per cent for trucks. And in the UK a similar pledge by the manufacturers should soon be made formally to the Department of Energy.

The dominant theme at last month's international components exhibition—SITEX—at Geneva was weight-saving. What has been achieved already was dramatically illustrated by

Aluminium Pechiney, using a huge pair of scales. On one side was a cast-iron engine and block, two pieces weighing 60 kg. On the other an aluminium engine and block (as used by Renault), wheels, a bumper and other items—in all 19 pieces, weighing less than 60 kg. The message was clear: Europe's component manufacturers will make sure that the cars of the future are much lighter but still big enough for comfort.

# ELECTRONICS INNOVATION

Lucas was in business before the motor industry made its debut and when it arrived we became one of its first specialist suppliers of engineering components. We've always been at the forefront of technological ideas and their application to transport engineering. Nowhere is this more true than in the field of electronics: Lucas led the world in the development of the first in-built electronic regulator for alternators.

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Vehicle Condition Monitoring (VCM) systems display for the driver, information on the operational readiness of his vehicle.

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Lucas electronic ignition means improved timing accuracy with related improvements in economy and efficiency.

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EUROPEAN VEHICLE COMPONENTS II

UK suppliers seek overseas markets

THE THREAT posed by the risk of another oil shortage...

the car importers' continued advance in the early months of this year.

Foreign manufacturers already have captured well over half of the sales in a buoyant car market.

demand can be added difficulties peculiar to certain products.

Auto Castings subsidiary shows how widespread must be the adjustments that suppliers have to make in response to the vehicle assemblers' problems.

who have got the lion's share of our market do not, through a policy of enlightened self-interest, increase their purchase of UK components...

up-market like the present Triumph Dolomite—at Canley, Coventry, by mid-1981.

considerable opportunities for the future. Also optimistic is Mr. Charles Davidson, commercial director of Lucas, a company that has made strenuous efforts to break into the Japanese market.

Uncertainty

But any uncertainty about the future is not confined to BL. While the takeover of Chrysler UK interests by PSA Peugeot-Citroen has been generally welcomed...

Criticism

Mr. McGrath is also critical of the "unofficial" barriers to UK sales overseas. "Whereas in Britain consumers seem quite happy to buy foreign, there is an element of nationalism in many of our markets which makes exporting difficult."

Component suppliers acknowledge that if the same model is in production in both Japan and the UK there is a commercial logic to quoting a price for the complete run.

Indeed, it is to overseas markets that the suppliers are having to turn for business as some compensation for deficiencies in home demand.

Turner & Newall: playing a key role in European automotive components

Continuing boom in W. Germany

WEST GERMANY'S motor industry is well into its fourth boom year in a row. Production capacity is being used up...

hands, has been reinforced to a certain degree on an official level. The enforcement of "DIN," the West German standard specification, is rigidly applied to ensure high standards throughout German industry.

Recognition

Bosch is a company with world-wide recognition among motorists. So too are concerns such as Varta, the battery makers; Continental Gummwerke and Phoenix Gummwerke, tyre and technical rubber products makers; Fichtel and Sachs, which holds 70 per cent of the German clutch market...

Despite this, foreign competition is making its mark in some sectors of the market, notably motor tyres. Imports have been rising dramatically, particularly from low-wage-cost countries, and West German tyre makers have been having a very thin time for much of this decade.

Grid of logos for automotive components: FERODO, Payen, Velbex, cooper's filtration, GUD, DURON, HALLS Gaskets, Vybak, Arpylene, Newalls, ENVOY, BIP Beetle, TIBA, FLAAM FILTER, Coopers Gaskets, STOREYS, Storoflex, POLY-V DRIVES, belaco, joints, Gurty.

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Handwritten signature: J. J. J.



# More investment by U.S. companies

THE WESTERN European vehicle market is roughly the same size as that in the U.S. And since a great part of Western Europe became a Common-Market, in theory at least, its attractions have often proved irresistible for North American component companies.

There was also the incentive provided by the U.S. car assemblers which developed widespread and successful European businesses and encouraged their traditional American suppliers to set up shop this side of the Atlantic.

Europe has also offered the Americans a useful base from which to aim at the Middle East and African markets (where English is also often spoken) although today the developing countries insist on having much more locally-made content in all types of products so this is not the benefit it once was.

Britain has always been somewhere near the top of the list for Americans setting up in Europe, and not only because the language is the same, but also because there is easy access to capital and a reservoir of engineering skills. Where the majority of Continental component companies are either privately owned or subsidiaries of large groups, Britain had a clutch of medium-sized businesses with Stock Exchange listings and these were available to be bought if the price was right.

The latest example of a North American group using this route to expand its European component business was the bid by Rockwell for Wilmot Bredren, a rather acrimonious affair which came to an end only last month when the Board of the UK company reluctantly suggested that shareholders accept the offer in spite of its "undervaluing" Wilmot Bredren.

The bid provided a rather useful illustration of the kind of objectives the Americans currently set themselves. Wilmot's main attraction to Rockwell was that it can supply electric windows and door systems to fit small cars.

New opportunities for European-style components of all kinds are beginning to show

## Opportunity

Not only that, the European market for such items is just about opening up. In the U.S. 28 per cent of cars have electric windows—in Europe the figure is 1 per cent. About 24 per cent of new cars in the U.S. are delivered with centralised and powered door-locking systems against 4 per cent in Europe.

According to one authoritative estimate, the market for these items could double in value terms in the next four to five years. That seems less optimistic when the much higher cost of electric systems is compared with mechanical ones. For example, Wilmot collects about £50 for the central door-locking system which goes into the new Rover saloon. Traditional locks would probably fetch about £5 a car.

Of course, Rockwell could have chosen a different technique and either bought Wilmot's technology or set up a joint operation or something of that sort.

But when it took a closer look, Wilmot had an added attraction which made a full bid for £24m seem more than worthwhile. Wilmot offered a way into France, a country which now has one of the strongest but most nationalistic automotive sectors in Europe. The formation of the Peugeot-Citroen-Chrysler group gave France Europe's biggest manufacturer and the country already contained the state-owned Renault group.

Wilmot owns 99 per cent of Compagnie Industrielle de

Mechanismes (CIM) and so gives Rockwell a chance to gain a foothold on French territory it would otherwise have found very difficult to obtain. For the French Government has set itself firmly against the idea that any important industrial sector should fall into foreign hands—particularly American hands. And it is doing all it can to make sure that France has a components sector able to provide adequate backing to its big motor groups.

Wilmot also has 50 per cent of a Spanish company and 47 per cent of another in Italy, both relatively small concerns, but with significant positions in the supply of mechanisms to local car groups.

Seven years ago Rockwell, which describes itself as a "multi-industry" group, had no automotive operations outside North America. Today it has 12 plants and sales of about \$150m outside its home base. In Europe it owns the Golde company in West Germany, which makes car mechanisms but is perhaps better known for the manufacture of axles, brakes, chassis and other components for heavy-duty trucks, trailers, buses and off-road vehicles.

Rockwell has said it intends to spend \$500m on its automotive business worldwide between 1978 and 1983 so it can be argued that it was in the position to start its own mechanisms operations in Europe from scratch if necessary. For example, the Rockwell Bremser truck brakes business was started from scratch in Germany in 1965. But its sales have now reached the \$21m level and the company has now begun the \$65m first phase of an expansion programme to increase capacity by three times to around 400,000 a year.

But the purchase of Wilmot, which was vulnerable because its share price reflected the difficulties it was experiencing while streamlining its British operations to cope with the contraction of the UK automotive industry, not only provided Rockwell with a decisive thrust into a European growth market but at the same time removed from the scene a major competitor it would face if it decided to go it alone.

The other significant development among the American component suppliers in Europe in the past year is an exceptional one—a group intent on pulling out of some operations. Bendix

Dana Corporation recently set up a formal European grouping for its interests in the area and arranged a London Stock Market quotation in case that might prove useful for a capital-raising exercise at some stage.

Dana, among the largest of the U.S. components groups, is on more than a nodding acquaintance with the London stock market because its UK acquisitions in recent years included Turner Manufacturing, which makes transmissions and clutches, and Brown Brothers, the automotive parts distribution business.

Dana has other distribution companies in Belgium, Switzerland and West Germany, the Victor Royal sockets concern in Denmark, and within the past couple of years also bought the piston rings and pistons manufacturer Floquet Monopole in France.

American Standard, which makes the WABCO truck braking systems and has Westinghouse air brakes among its transport interests, paid £20m for Clayton Dewindre, one of the UK's leading power braking systems makers, to add to its Webco (Westinghouse) subsidiary in Hanover, West Germany.

Two other American groups reckoned to be among the largest in the European components sector are Eaton Corporation and TRW. Again, both spread into Continental Europe from strong bases in the UK. Eaton with valves, transmissions and axles and TRW with valves and steering gears.

Last month Eaton added considerably (by about 10 per cent) to its European valve interests with the opening of a new \$10m

plant in Spain, double the size of the previous Eaton plant there.

Also in Spain, Eaton makes axles and axle housings; in Italy there are two more valve plants, a piston foundry and an automotive controls business; in France a truck transmission plant and one making cast-iron parts for later machining by car companies. While the UK operations include truck transmission plants at Basinstoke and Manchester, axle and axle housing factories at Aycliffe, Darlington and Warrington, and a gear forging plant at Cradlington. Eaton's sales of truck components in 1978 are estimated to have been about \$175m while turnover in other automotive components is probably accounted for a further \$100m.

Expansion

TRW has also been building up its European operations. Last year it completed a major expansion of an engineering centre for rack and pinion and integral steering systems in the UK, completed the first stage of an engineering centre expansion in West Germany (a second phase is planned this year), and in Spain expanded a joint venture producing steering and chassis products for cars to include the manufacture of manual and power steering systems for trucks and off-highway vehicles.

ITT, the U.S. group which based its fortunes on telecommunications, also has a sizeable involvement in automotive components and in Europe these are centred on Teves, the West German brake manufacturing

business considered to be the largest company in the field within the Common Market.

ITT also owns a variety of companies in Italy, making brake linings, plastics, shock absorbers, tail lights and servo systems, and in Holland it owns the Kom specialist shock absorber concern. In the second half of the 1970s most of these companies have been expanded and their export efforts stepped up.

The U.S. chemicals group Tenneco Walker also followed an acquisition route in Europe by taking over Harma, one of the UK's largest exhaust makers, two smaller producers in France and West Germany and the Prit Stop exhaust replacement business.

Other American groups are in Europe because they have special expertise which the major assemblers needed nearer their plants here—among the type are Champion, the spark plug manufacturer with plants in Britain and Belgium; Timken, which makes tapered bearings in Britain, France and West Germany; and Borg Warner, the automatic transmission concern.

And finally it should not be forgotten that the two big American automotive groups with assembly facilities in Europe, Ford and General Motors (Opel, Vauxhall and Bedford), themselves produce component on a very large scale; and GM's component business, AC Delco, which has a turnover of around \$500m a year, has had some success selling to other car and truck companies.

Kenneth Gooding

## W. Germany

CONTINUED FROM PREVIOUS PAGE

tyres—such as steel-belted radials—have a much higher value than the conventional tyres that they replaced, but they have the great disadvantage of lasting much longer. Therefore, they have failed to match the lost sales volume in conventional tyres.

In the technical rubber products sector, volumes again have fallen short of replacing those lost to the tyre importers. Not only that, but competition in the area has stiffened considerably in the past few years.

For several years in a row Continental Gummi-Werke has passed its dividend, much to the concern of its shareholders. In real terms, Phoenix Gummi-Werke and Metzeler, Conti-Gummi's leading competitors, have failed to do any better.

Comparatively little restructuring has taken place in the industry, although the U.S. majors have made a number of acquisitions. But a very definite attempt was made in the tyre industry to put the German majors on a sounder footing.

Conti-Gummi and Phoenix Gummi—under heavy pressure from their leading shareholders—opened merger talks in 1977. A merger had been mooted many times in the past 15 years but nothing had ever come about. The 1977 talks had all the elements of a shotgun marriage rather than a love match and the talks were called off after serious divisions between the two managements.

Clearly, the West German industry's share of the domestic mass tyre market had fallen to such a degree that it could no longer support everyone. Phoenix Gummi was the first to bite the bullet.

Earlier this year that it was getting out of the business, concentrating on technical products and tyres for commercial vehicles, areas in which it has considerable expertise.

Conti-Gummi, on the other hand, emmeshed itself still further in the mass-tyre market. In April, with Phoenix Gummi safely out of the way, it announced

it was to purchase Uniroyl's European mass tyre operation. For Conti-Gummi this appears to be a 180 degree change in policy and only time will tell if it is the right one.

The tyre market is not the only one that could come under pressure from outsiders, including the importers. A ruling by the Federal Cartel Office in West Berlin could well provide a far greater opportunity for free competition in the replacement market.

In late March this year the Cartel Office ordered Volkswagen to stop forcing its appointed West German dealers and service shops to buy spare parts from its component suppliers. The cartel watchdog also announced that it was investigating BMW, which also binds its dealers and service companies to buy non-company-made parts from its accredited suppliers.

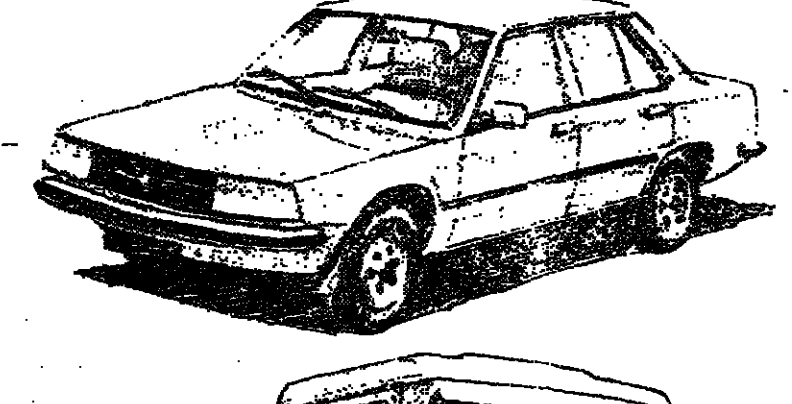
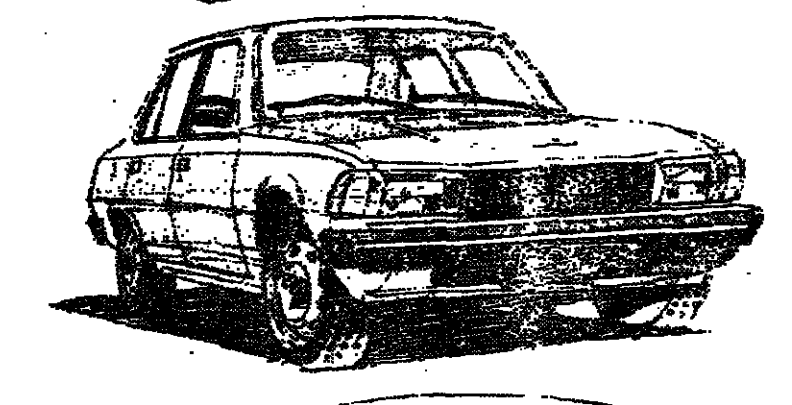
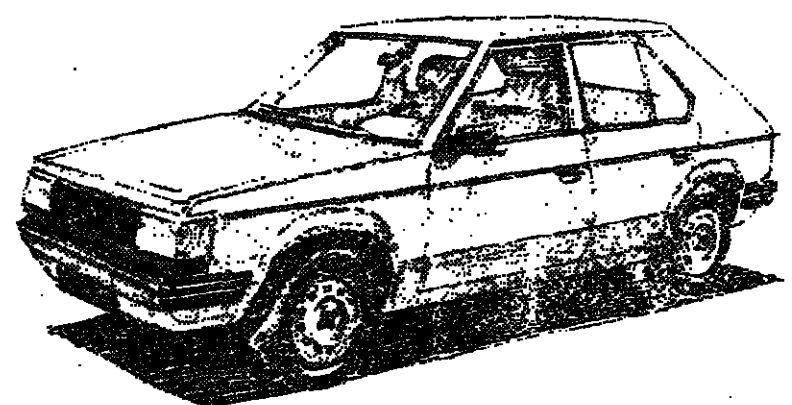
Volkswagen is appealing the decision in the West German appeals court and it has to be admitted that a Cartel Office attempt to rule against a VW price increase on a previous occasion failed. However, the office contends that VW's policy unduly hinders its dealers and service companies from ordering spares "in the most favourable and cheap way."

Claims by the motor manufacturer that its policy enables it to maintain quality and safety standards are dismissed by the Cartel Office. Strict West German tests and controls, coupled with VW's own prescribed tests ensure sufficiently high standards, it contends.

While manufacturers such as Opel, Ford and Daimler-Benz do not bind the purchase of their spare parts, the successful overturning of VW's and BMW's policy could substantially widen the market for the independent manufacturer. Between them the two companies account for 30 per cent of the German domestic market—a juicy plum, ripe for the picking.

Guy Hawtin

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EUROPEAN VEHICLE COMPONENTS IV

# Bid to streamline French production

A COMMON theme in the French motor industry, echoed earnestly by the Industry Ministry, is that the country's components sector is far too fragmented.

Rationalisation has moved ahead rapidly in the car industry. It is argued, finding its logical conclusion in the Peugeot-Citroen-Chrysler France combine. The vehicle producers therefore can achieve internationally competitive economies of scale in car manufacturing. Now the component companies need to get together to produce similar streamlined operations.

The fact that France finds itself in this position, however, is due partly to its traditional strengths. The components industry has always existed very much in the shadow of the vehicle manufacturers.

In the past 15 years, as the car manufacturers have gone out and found new world markets, the suppliers have been too busy keeping pace with the new demand to establish international empires of their own in the way that some British and German companies have done.

At the same time, the dominance of the vehicle producers has had two further effects. First, it has meant that the assemblers themselves have gone far deeper into component manufacturing than many of their competitors overseas.

Second, it has given the assemblers power to keep the component suppliers on a tight rein. Individual car and truck manufacturers have tended to establish strong links with selected component companies and to tie them down to such particular specifications that they have become almost client organisations.

Rationalisation, such as it is, is now coming from a number of different directions but the most significant of these is the work that is going on in the electrical components sector. This is the key area for components development in the future as vehicle electronics become one of the most important elements in controlling vehicles and reducing weight in the interests of energy conservation.

Mainly because of the importance of these types of components and the dominant position of Lucas of the UK and Bosch of West Germany in the European market, the French Industry Ministry has concentrated its attention here on rationalisation.

The first step in this process was to persuade Ferodo, the clutch and friction materials group, to take over the Cibie-Paris-Rhone group and combine it with its own Marchal interests. This deal was pushed through in 1977 to create SEV—Société pour l'Équipement des Véhicules—with interests in lighting, alternators, windscreen wipers, motors, ignition equipment and so on.

The second step in this process of re-organisation was to have been the takeover of Ducellier, the electrical components subsidiary of the DBA group.

For the French industry this was a logical development. DBA, owned by Bendix of the U.S., wanted to sell its stake in Ducellier (a company jointly owned with Lucas of the UK), and a takeover by Ferodo would have meant putting the final piece into the SEV electrical components' group jigsaw. SEV needs a division specialising in electronics to establish the necessary spread across the range of electrical equipment. Ducellier would have answered this requirement.

However, Ferodo's move for Ducellier ran foul of similar expansionary ambitions by Lucas. The ensuing court cases, as each company has fought for control, have become a cause célèbre in France.

At present, the situation is still in the hands of the courts, with no agreement immediately in sight.

The case has developed so far in three fairly distinctive steps. First, Lucas came to an agreement with DBA (ultimately Bendix) under which it would have taken over Ducellier completely by stepping up its 49 per cent stake. The French Government failed to approve this agreement between Lucas and DBA, the other Ducellier shareholder, although Lucas claims to have a pre-emptive legal right to the DBA stake.

	1973	1974	1975	1976	1977
Total turnover without tax*	15,992	18,229	20,225	27,563	29,000
	+ 8.5	+ 14.0	+ 12.5	+ 34.3	+ 5.1
Total export	4,743	6,297	8,013	10,580	12,000
	+ 32.5	+ 32.8	+ 27.3	+ 31.7	+ 29.5
Total import	3,149	3,948	4,621	6,651	8,268
	+ 29.3	+ 25.4	+ 17.0	+ 43.9	+ 24.3
Export/import coverage rate	150.6	159.5	173.4	158.6	153.7
French market = prod. - export + import	14,399	15,880	17,132	23,670	24,362
Rate of foreign penetration or import/French market	21.9	24.5	26.9	28.1	33.5
Export rate export/turnover	29.6	34.5	39.6	38.2	41.5

\* Including components made by car manufacturers. † Estimate. Source: Federation of French Vehicle Equipment Manufacturers.

Bendix to be null and void.

The case is now in a third stage following an appeal by Ferodo against the Tribunal's decision. The French group says that it is still actively discussing forms of industrial co-operation with Lucas as a compromise solution since it wants to reach an agreement founded "on a reasonable basis, taking into account the interests of Ducellier and its shareholders."

How far both Ferodo and Lucas are prepared to go towards a compromise is now the main question hanging over the case.

The second element of rationalisation in the French components industry is coming from overseas companies. Here again, Lucas has played a big part through its Lucas France subsidiary, which is one of the biggest individual components manufacturers in the country, employing about 7,500 people. It is strong in traditional electrical equipment, braking systems (Girling) and diesel parts (Roto-Diesel).

Other foreign companies which have moved into France include:

- 1.—VDO, the West German vehicle instruments group, which raised its stake in Jaeger to 45 per cent in 1974. Jaeger, one of the few internationally-known names in the French industry, with its range of speedometers, fuel indicators and other dashboard equipment, had net profits of FF 21.5m (\$4.9m) last year.
- 2.—Bosch, the West German electrical group which, apart from its stake in SEV, has factories making fuel injection equipment and other electrical products.
- 3.—Wilmot Breedon, the UK door latch and plastics company, recently taken over by Rockwell of the U.S., has had a significant presence in France over a long period. It has become the major supplier to the vehicle companies in this sector, and one of the main reasons for Rockwell's interest is that it will be buying a base in France.
- 4.—Teves, the German brake manufacturing group now owned by ITT of the U.S., which has recently built a disc-brake factory in France.
- 5.—GKN, the UK company, which manufactures universal joints.
- 6.—Associated Engineering, also British, with its piston technology.
- 7.—Among other overseas companies are Dana of the U.S., which recently bought Floquet Monopel, the piston ring manufacturer, and Automotive Products with its clutch remanufacturing activities.

### Example

The third rationalising element is the big vehicle companies themselves. The French manufacturers have always been inclined to take financial stakes in component companies—Jaeger's French shareholders, for example, include Renault, Peugeot and Citroen.

But the moves to streamline production have gone furthest in the larger components, such as engines and gearboxes, and are being pushed forward still further by the fusion of Peugeot, Citroen and Chrysler.

The most celebrated example of this trend is the Renault-Peugeot company Française de Mécanique, which makes engines jointly for both companies. Despite suggestions that these two groups would be forced further apart by the series of takeovers which have pushed Peugeot to the forefront of the French motor industry, they have linked again recently to establish an aluminium foundry in Lorraine.

This will be managed by Citroen, which has a 75 per cent controlling interest.

Lorraine is also to be the site for another large 2,000-employee PSA group components factory, although it is not clear yet exactly what will be made there. In the all-important field of vehicle electronics, Renault has recently set up a joint operation with Bendix.

### Performance

In spite of the anxiety shown by the authorities to defend the French components industry and build it into a stronger force in international markets, its overall performance in recent years has been reasonably satisfactory. Total turnover in the industry, including parts made by the car manufacturers, has all but doubled between 1973 (FF 16bn (\$3.6bn)) and 1977 (FF 30bn). Excluding the vehicle producers' share, turnover amounted to FF 21.7bn.

About 49 per cent of these components, according to the in-

dustry's federation, were exported (FF 13.7bn), against imports of FF 8.3bn. It is true that during the last six years imports have moved up steadily, from 21.9 per cent of the French market to 33.5 per cent in 1977. But at the same time the export ratio of French output has gone up from 22.6 to 45.6 per cent. The EEC is both the biggest market and the largest supplier (78.8 per cent of imports).

First nine months' figures for 1978, excluding the vehicle manufacturers' interests, indicate a further growth in sales of 10.9 per cent to FF 23.6bn. Of this total, the electrical sector accounted for FF 4.5bn, marginally ahead of body equipment (FF 4.4bn), but well behind chassis products (FF 11.6bn).

Perhaps this relatively modest performance by the electrical companies, which ought to be in the forefront of activity, is one of the main reasons for the dour battle going on for control of Ducellier.

Terry Dodsworth

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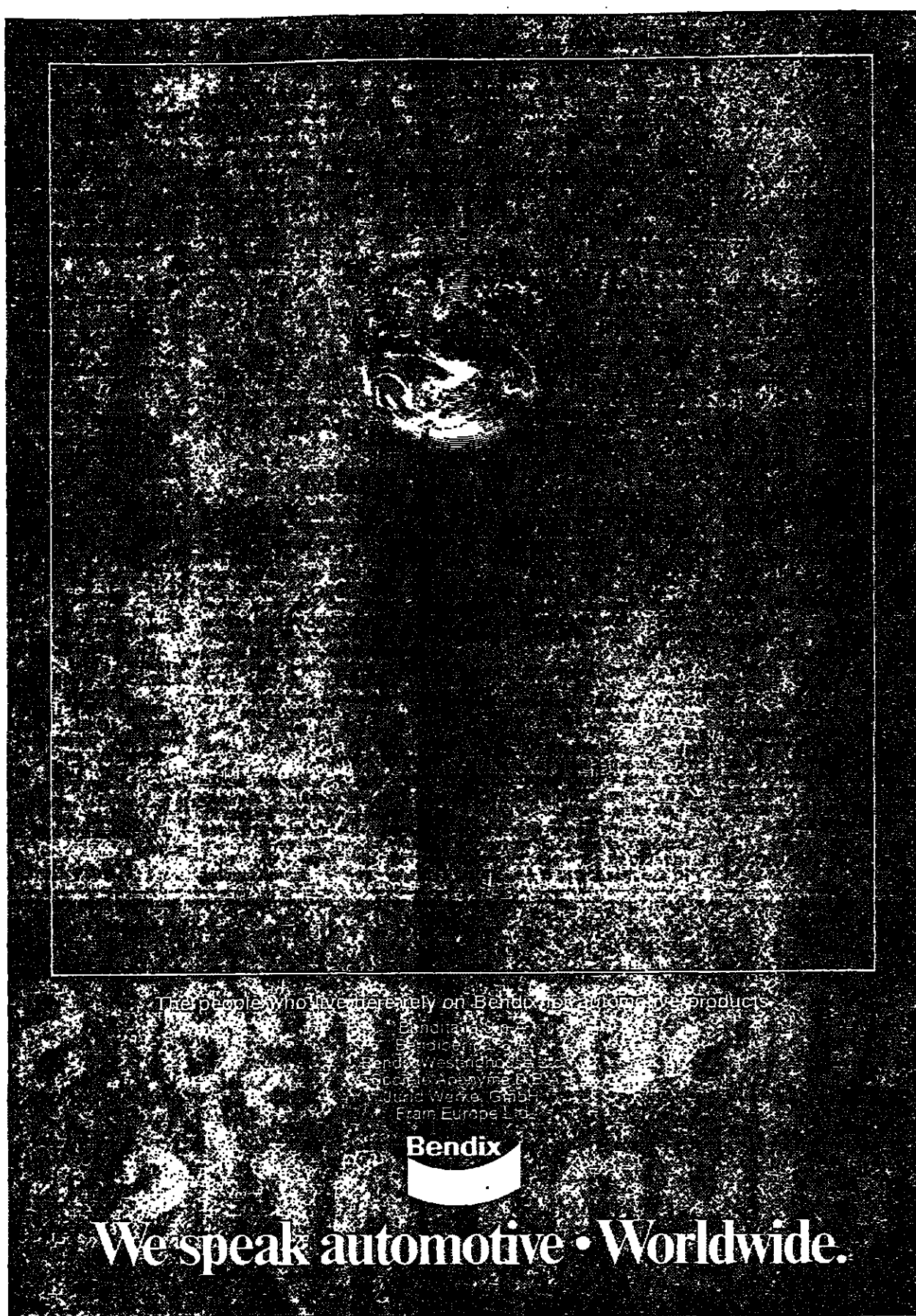
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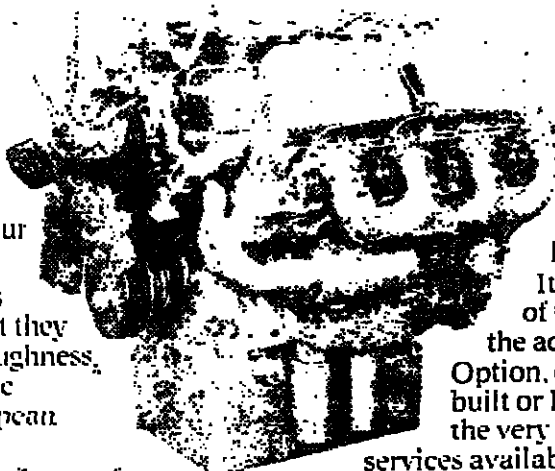


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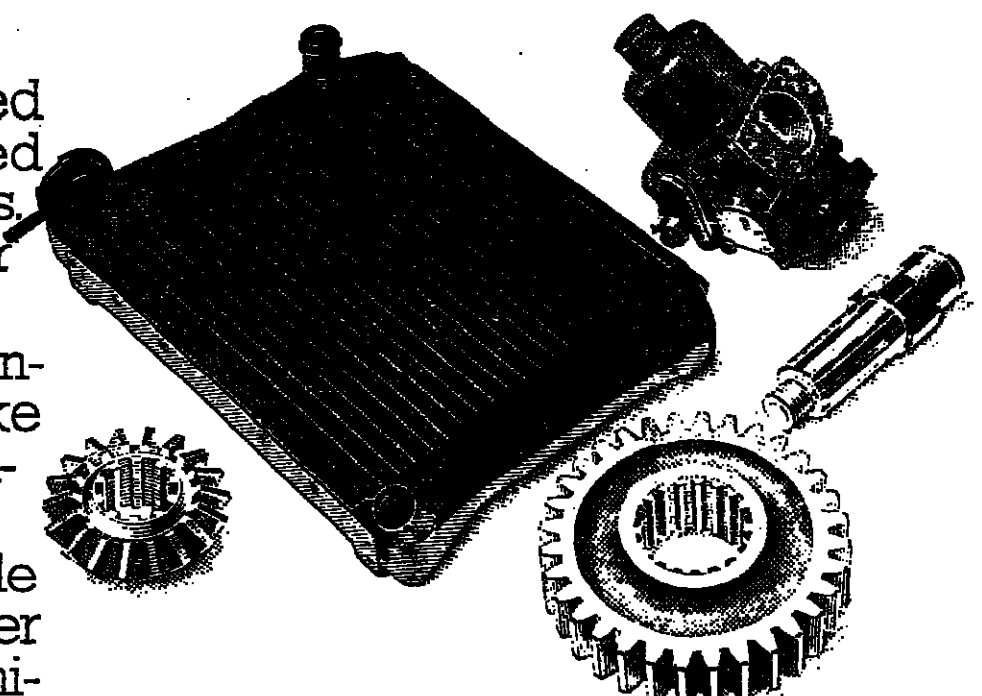
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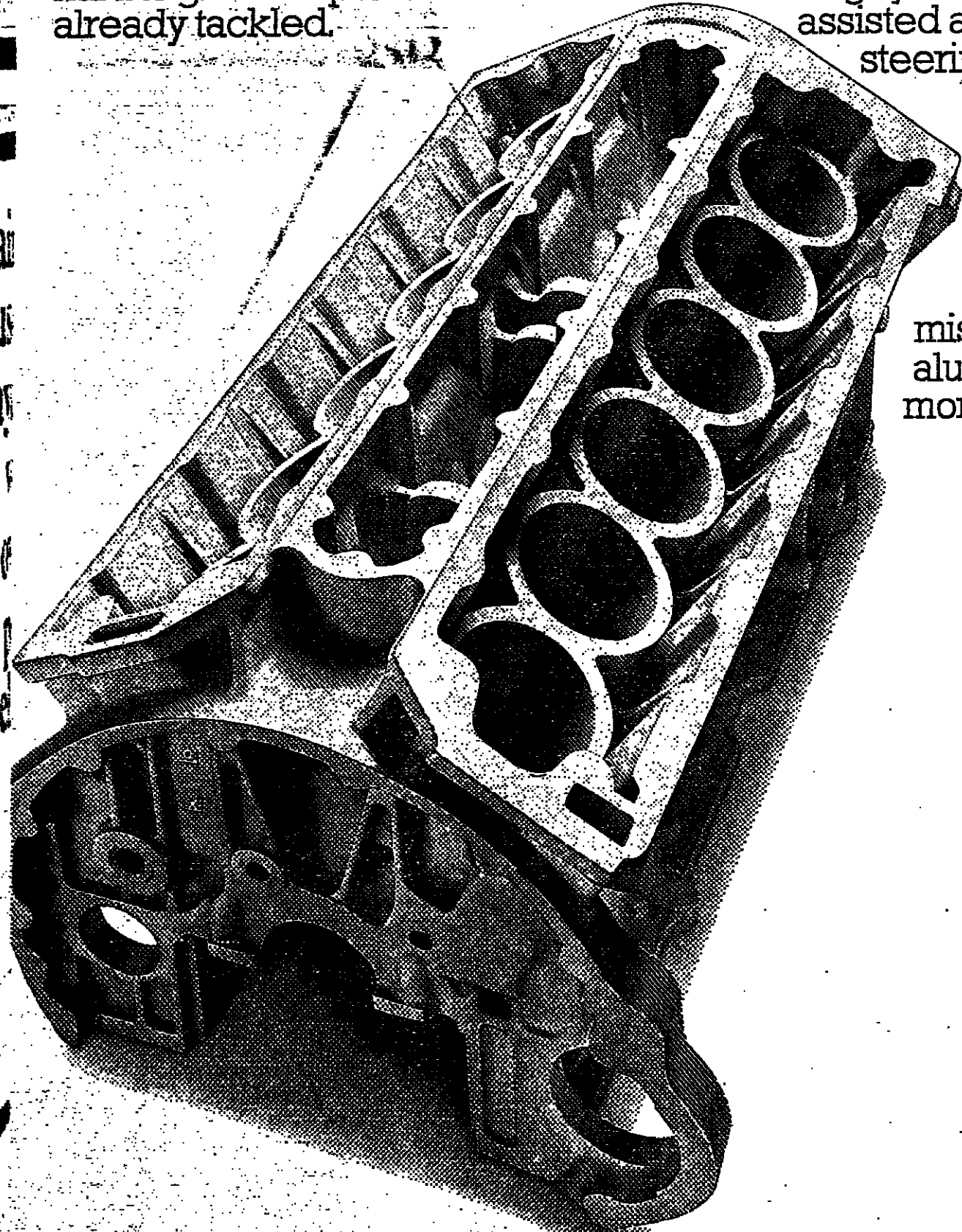
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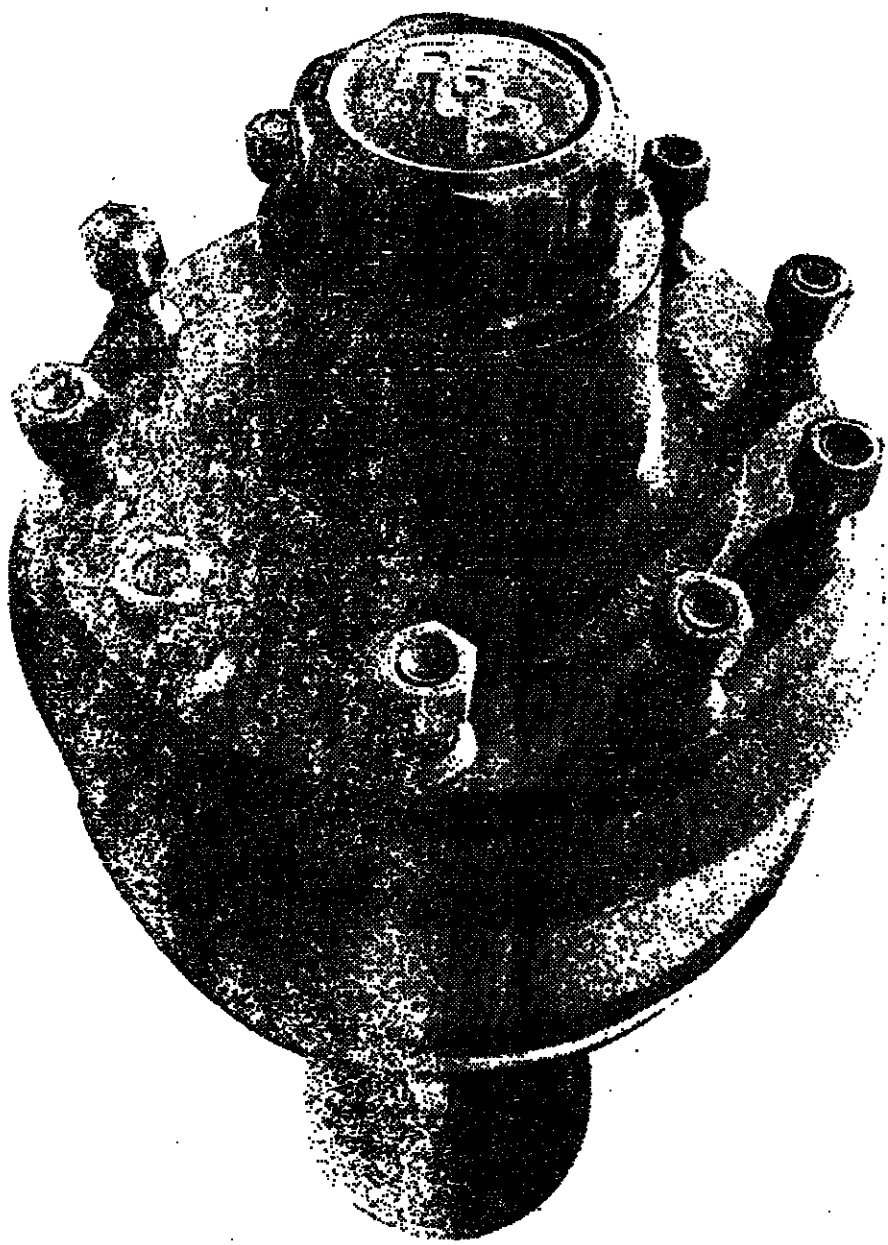


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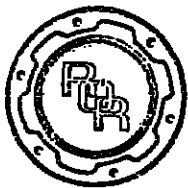
## EUROPEAN VEHICLE COMPONENTS VI

## Italian manufacturers face more problems



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WHILE ITALY is Europe's third largest manufacturer of vehicle components after West Germany and France, the industry is essentially focused around one concern, the Turin-based car manufacturing conglomerate Fiat.

The Turin group, Italy's largest private enterprise with a consolidated turnover last year of L13,000bn, accounts for more than L1,000bn of the Italian vehicle component sector's estimated L2,500bn output this year.

In this respect, the components sector is largely dependent on the fortunes of Fiat, whose performance has been steadily improving since the energy crisis in 1973. Car production in Italy improved last year by 4.7 per cent over 1977, and the Italian industry registered the best percentage gain among the major European car makers.

Even though the overall export situation for the European industry remained difficult, Italy still maintained its head with a slight 0.6 per cent decline in car exports and a 6.6 per cent increase over the previous year in exports of industrial vehicles.

In line with the recent reorganisation of the Fiat group into a holding company controlling a number of varied operating subsidiaries, the Turin company's component sector is made up of an extremely varied production structure. There are no fewer than 43 plants in Italy and three abroad, producing about 75 per cent of their output for the car industry.

Fiat says the reorganisation of the rigid production structure of its components sector employing about 32,000 people, became essential after the outbreak of the energy crisis. According to Fiat "the main feature of this reorganisation was to diversify production on the flexible basis of small and medium-sized groups operating within the framework of an international holding company, in an effort to align them to future market conditions."

At the same time, perhaps the most radical aspect of this

reorganisation was to change the exclusively Fiat-oriented approach of these small and medium-sized companies. This has made them more market-oriented, enhancing their individual export performance.

To this end, some of Fiat's leading subsidiaries in this sector including Gilardini, Magneti Marelli and Comind, have now set up new trading companies in France and West Germany, and new commercial bureaux in Britain and Spain. Indeed, sales to non-Fiat customers account today for about 50 per cent of Fiat's annual sales of about L1,000bn from its components sector.

### Network

Although Italy's other large car manufacturer, the state-controlled Alfa Romeo group, also has an active component sector with its Spica and Apioni subsidiaries, the other main feature of the industry in Italy is the vast network of small workshop-type manufacturers relying mainly on sub-contracts from the large producers.

Often these groups are set up by former employees of the larger companies such as Fiat or Alfa Romeo, which continue to support them since it effectively

gives the larger groups greater elasticity and reduces operating costs. In turn, this wide range of smaller industries, which rely in large measure on their own ingenious devices, form part of what is perhaps the most dynamic and profitable end of Italy's industrial structure.

But while the sector has performed better than most during the recession of the last two years, when annual growth was limited to barely 2 per cent, there is now increasing concern over the possible repercussions of the renewal of some major national labour contracts and the impact of the country's growing energy problems. For two months already, negotiations between employers and the key engineering and metalworkers union over their three-year labour contract have been deadlocked.

The unions, which have adopted an increasingly militant and disruptive approach, are demanding monthly wage increases of about L30,000, exceeding the government's target to prevent any real rises in salaries for the next three years. At the same time, employers so far have firmly rejected union demands for greater union say in company future investment

policies and for shorter working hours.

In view of the renewed threat of rising inflation, already running at an annual rate of more than 14 per cent, and increased raw material costs, there are now fears that the industry's export competitiveness may be eroded. Moreover, the recession of the last two years, which now seems to have bottomed out with output rising again, has also affected smaller industries.

According to spokesmen of the small industry sector of the Confindustria, Italy's national employers confederation, small and medium-sized concerns have faced difficulties in obtaining funds from the banking system at a time when they could no longer rely exclusively on self-financing.

The Italian banking system has generally serviced the country's large private and State companies, while somehow overlooking the smaller ones despite their economic viability and vitality. However, after the disasters in some major state groups, the banks apparently are taking greater interest in smaller companies.

At the same time, these companies have not stood still. They

have grouped themselves into so-called "comuni," or consortia, to attract funds from the banking system but partly from local banks, to balance sheet and export financing.

Similarly, in a number of areas, especially in the industrial north of the country, a large concentration of small industries operating under contract from large mechanical groups such as Fiat or Alfa Romeo, these companies have pooled together in consortia to boost their export performance and reduce their dependence on the large groups.

The country's current political uncertainties have also cast a shadow over the prospect of Italy's vehicle component sector. While the small group have tended so far to be immune from the country's political difficulties of the last few years, they are nonetheless indirectly affected by the general situation which hits the country's major concerns.

Companies such as Fiat traditionally have been in the eye of Italy's political turmoil at this stage could well dictate the shape of the country's future labour contracts.

Paul Bett

## State of flux in Spain

LIKE ALMOST everything in Spain at the moment, the vehicle components industry is in a state of flux, and only a limited penetration in the Spanish market were allowed to be built with up to 50 per cent of imported components.

Tariffs on imported components were fixed at a notional 30 per cent but were effectively applied at around 5 per cent. Only if the manufacturer exceeded his allocation did the full tariff operate. Further, even this norm was relaxed in cases where, for example, general strikes in the Basque Country threatened to dry up domestic supplies.

had to be made up 90 per cent from locally produced parts. With the advent of Ford in 1973, a whole range of cars with limited penetration in the Spanish market were allowed to be built with up to 50 per cent of imported components.

Tariffs on imported components were fixed at a notional 30 per cent but were effectively applied at around 5 per cent. Only if the manufacturer exceeded his allocation did the full tariff operate. Further, even this norm was relaxed in cases where, for example, general strikes in the Basque Country threatened to dry up domestic supplies.

### Changes

The new legislation aims to reduce the obligatory local content in Spanish-made cars from 90 to 60 per cent by 1982. But while, in principle at least, this allows importers a freer hand, there are two catches. First, the reduction is on a sliding scale which has not yet begun to move; and second, tariffs have in practice been raised.

The new tariff band runs from 28 to 18 per cent, lower than the notional 30 per cent but evidently higher than the most frequently applied 5 per cent. This, it was pointed out to me by a trade source, was a considerable "goal" in the motor manufacturers' net designed ostensibly to strengthen the hand of domestically-controlled industries in future negotiations with the EEC.

The second big change envisaged by the legislation is that manufacturers can now import main components without hindrance. Engines, gearboxes and whole bodies can be brought in duty-free but not, say, carburetors, unless they are brought in as part of the engine. However, these imports must be financed 40 per cent from export receipts. At the same time, finished cars can be imported duty-free, but for every 100 brought in, 120 have to be exported.

But there is another catch. This linking of imports to exports sounds innocently

multi-national-spirited in the light of last year's freak export performance, were it not for the package of corrective monetary measures that the government pushed through by decree at the end of April.

In essence, these measures were designed to curb the influx of foreign exchange—which was playing havoc with the government's strict money supply targets and therefore its anti-inflation drive—and allow the peseta to float.

Since then, the peseta has gained more than three points against the dollar. From the car manufacturer's point of view, therefore, it is harder to export "it is going to be equally as hard to import."

From the component industry's point of view, this allows them a breathing space in which to adapt to life outside the tariff-barriers, at the same time that the government can present the package as a progressive process of liberalisation.

Nevertheless, smaller suppliers of the automobile industry are unlikely to survive. Their extremely delicate cash-flow position was highlighted in March last year, when SEAT, still Spain's leading saloon-car manufacturer although losing money at the rate of Pta 1bn a month, put its workers on short time in an effort to reduce stocks. The ripples engulfed several of its smaller suppliers.

But those companies that can expand undoubtedly will. This sector's basic health is underlined by the case of Ford suppliers. Though legally obliged to buy only 50 per cent of Fiesta components locally, Ford in fact buys 63 per cent.

More than the sector's progressive alignment with its EEC competitors, the components industry is likely to face its major challenge as a result of Spain's car industry being entirely in multi-national hands. The progressive concentration of the car industry internationally makes local components manufacturers potentially vulnerable.

For example, Peugeot-Citroen were to decide that its

Madrid Chrysler plant could employ more effectively making, say, gearboxes, it could adversely affect local component makers. Similarly, suppliers of Chrysler, Ford, Citroen, Renault and Seat-Ford could have markets opened in the rest of Europe if the U.S. as a result of the multi-national connection.

However, a brief glance at the equity structure of the sector's leading companies shows that in only one—CAY where CAV of Brit holds 46 per cent—does Spanish capital hold a majority. Bendibérica, Bendix 39 per cent, DBA of Fra 13.2 per cent, Adwest (I 3.6 per cent, SAF of Fra holds 64.5 per cent in Fra Internacional, with Swiss Italian capital a further 22 per cent, while Dutch Eaton recently increased its stake Eaton SA to 100 per cent.

### Diversity

FEMSA, the leading company in the sector and most significant Spanish-owned concern last year ceded 51 per cent of its equity to the German company Robert Bosch AG national. FEMSA was work under capacity and badly needed the capital, while Robert Bosch was concerned to squeeze Lucas from a lucrative market in which it already had a substantial stake through Rob Bosch Espanola.

This diversified equity structure leaves the component industry well-placed to spread its eggs and plan ahead, accordance with the needs of their multinational clients.

Nor is it worth overlooking in the light of the shifting need and strategy of the multinational auto manufacturer that Spanish car production, likely to rise substantially as now seems probable, General Motors sets up in Spain. Eye Toyota has carried out soundings in Spain recently.

On balance, therefore, the news for Spanish component manufacturers is mostly good.

David Gardner



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EUROPEAN VEHICLE COMPONENTS VII

Crucial need to cut weight

A gallon of petrol now... H A gallon of petrol now... The 51 mark in some... of weight reduc... of vehicle components as an... to energy conservation... even greater signif... than it has done during... decade.

carbon fibres and light-weight... before—an estimated record... 1.540bn lb of aluminium... shipped to car makers... 1.481bn lb in 1977. The... average 1979 U.S.-made... contains an estimated 118 lb... of aluminium—the most ever... and it is predicted in the U.S. that... by 1985 the amount of... aluminium used in a car will... reach 250 lb.

must stop. Paris must be fixed... by adhesives and not by nuts... bolts and rivets."... But, plastics, like aluminium... have a diminished ability to... absorb energy, require... different surface treatments... and have altered durability... in the face of environmental... influences.

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Prediction

But the major savings in weight are in the use of light-weight materials as alternatives to steel and iron. Aluminium and magnesium alloys are important here, magnesium alloys being the lightest structural alloys available—but they are more expensive than aluminium and so less attractive to manufacturers.

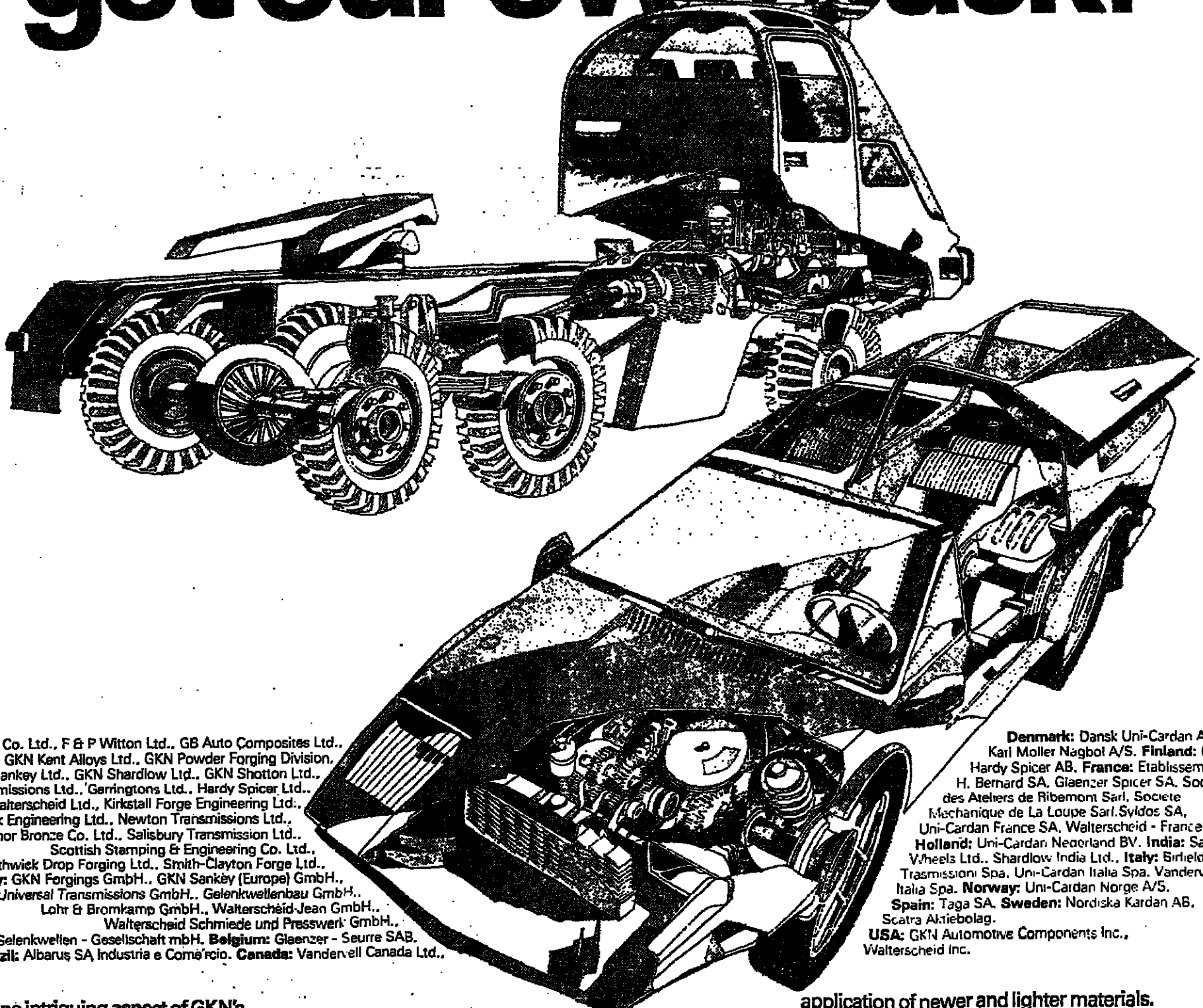
Increase in electronics

DESIGN a microcomputer... to ensure that it works... conditions of rain, heat... vibration and misuse is... r. But perhaps the most... of all is to anticipate... will happen when a... ter-controlled car breaks... in a dark Saturday night... country road far from... use, for it still is possible... not-too-sleepy garage... ic can be roused from... chair, and parted from... of the Day to try to get... icle moving again. Will... w where to start?

When, for example, the headlights are switched on, a special code which travels down the signal wire to all the lights, but is only recognised by a special circuit at the headlights. This circuit, having recognised its signal, operates an electronic switch which automatically connects the headlights to the power ring main.

Max Wilkinson

One way or another, we usually get our own back.



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# High street parts battle

EUROPE'S 90m car owners spend an estimated £8.587bn annually on replacement parts. The more cars running on a country's roads, the higher the expenditure. West Germany, with more than one-fifth of all European cars on its roads, has the largest replacement market—worth more than £1.5bn at retail prices, according to estimates from AC Delco.

Next come France, Italy and Britain with markets valued at £1.384bn, £1.08bn and £1.04bn respectively.

But Britain has developed an "after market" different from its Continental neighbours. In mainland Europe the traditional channels of trade persist with the original equipment manufacturers supplying wholesalers and dealers while the

retail end of the business is dominated by garages. In Britain since the end of the 1960s a different breed of manufacturer has sprung up, offering replacement parts which match those used when the car was first assembled. These "pirates," as they were once dubbed, stimulated a change in the wholesale trade which, in turn, enabled the retail end to fragment into a very complicated network.

Britain now has an estimated 5,000 non-traditional outlets for replacement car parts, about three-quarters of them independent shops and the remainder part of multiple chains. Between them they are reckoned to control more than half the retail business.

Britain also has 11,500 vehicle

dealers and garages which were the traditional suppliers of spares and then there are also 20,000 or so repair garages and 25,000 petrol stations which are offering replacement parts in some way or another.

The original equipment makers have been fighting back to regain some of the replacement business lost to the "pirates" and, more recently, to make sure that they do not get left behind as the numbers of imported cars in the total on Britain's roads continues to grow.

BL led the way with the introduction of its all-makes Unipart programme, under which parts for its own cars and most other popular makes—including some European and Japanese imports—are supplied

to main dealers and to independent High Street outlets, to supermarkets and mass merchandisers. Unipart even has retail shops of its own.

Ford and Chrysler followed with similar all-makes parts programmes under the Motorcraft and Mopar brand names. Their parts are distributed widely through independent outlets as well as through dealerships but they do not have retail outlets.

AC Delco, the General Motors European components division, is also strengthening its replacement parts programme in Britain and the rest of Europe and aims for a 25 per cent share of wholesale distributors' parts volume by 1985.

Mr. John Costin, AC Delco's European area manager for the

UK and Ireland, says: "The pattern of retailing now requires a much more streamlined programme from suppliers. There are literally tens of thousands of different parts and no retailer can possibly hope to stock them all. The solution has got to be a well thought out range of key products covering the widest possible spread of vehicles."

So his organisation has 16 high-turnover lines covering both British and foreign cars.

One of the main reasons for the growth in High Street retailing in Britain is the existence of the large independent wholesale network—1,200 independent wholesalers at the last count—and the absence of networks of this sort in the rest of Europe has enabled vehicle manufacturers to retain a much bigger share of the replacement market in such countries as Germany, France and Italy.

But, inevitably, there are pressures for change on the Continent. The most recent overt example has been the

West German Cartel Office's attempt to stop Volkswagen from insisting that its appointed dealers and service points buy spare parts from VW which it does not produce but which come from its component suppliers.

The Office is also looking at BMW, which it says is the only other major German car concern to bind its dealers and service points in this way so that they have to accept parts from BMW even though they are made by an outside supplier.

Excluding tyres and batteries, there is a range of between 20 and 30 parts which lead the replacement market in terms of purchasing frequency—fast-moving items such as gaskets, filters, hoses, brake pads, wiper blades and ignition parts including spark plugs.

## Widespread

A high proportion of these parts is bought by motorists to fit themselves, especially in

Britain where do-it-yourself (DIY) maintenance and repairs is more widespread than the rest of Europe.

Last year 83 per cent of Britain's 15m car owners spent an average of 185 each on parts, accessories, equipment and car care products to enable them to look after their vehicles themselves, according to a study by Industrial Market Research and Auto Accessory Retailer magazine.

The report suggests that the UK DIY market is worth £817m at the retail level, with £450m going on replacement parts (55.1 per cent of all sales in 1978). Sales of accessories to DIY motorists totalled £222m representing 27.2 per cent.

The other major market segments are maintenance and repair equipment (socket sets, spanners, foot pumps and so on) with sales valued at £93m in 1978 and car care products taking £52m.

Splitting the replacement parts segment into more detail, the study suggests that the major product groups are electrical parts, with sales of £110m; steering and transmission parts, £96m; engine parts, £94m; suspension and brake parts, £88m; and chassis and body parts, £82m. Overall in the DIY replacement parts market the leading products purchased are filters, spark plugs, dynamos and alternators and brake parts.

On where the parts are bought, the IMR report says accessory shops account for 32 per cent of the market with sales valued at £263m shared by independent accessory shops (£139m) and chain and multiple shops accounting for the remainder.

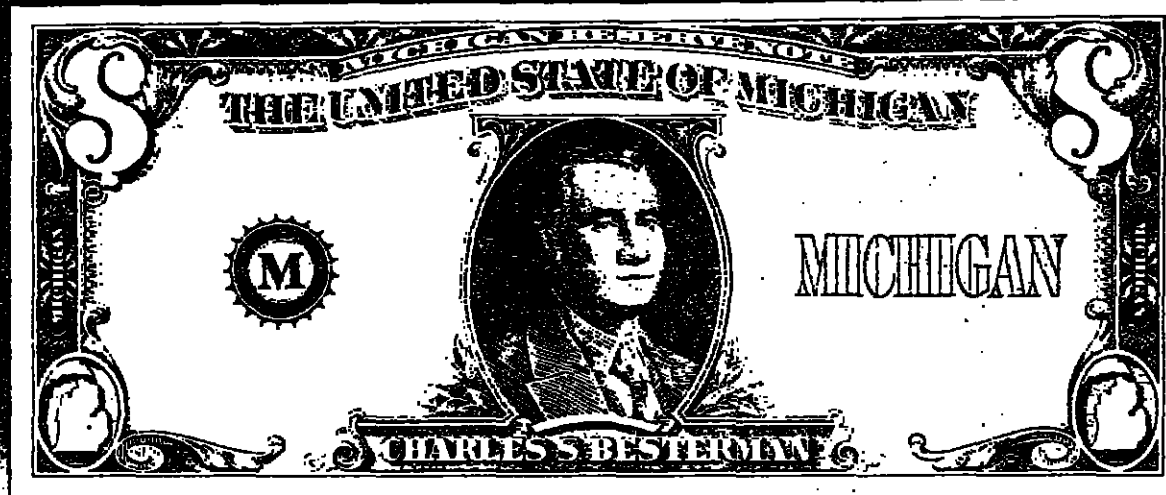
Sales through garage stores are valued at £243m or just below 30 per cent of the market. Other outlets are specialist outlets (£85m), mail order (£51m) and department stores (£34m).

According to the report one of the most important changes in the next few years is the anticipated growth of imported cars in Britain, which are now expected in account for 58 per cent of cars by 1985. A trend that has important implications for the aftermarket generally and the DIY market in particular.

With this in mind a group of some of the best-known manufacturers have formed the British Automotive Parts Promotion Council, which is currently spending £200,000 on a campaign to remind independent garages that the UK can supply parts to fit nearly all makes of cars and that servicing an imported vehicle should not be beyond the ability of an averagely competent British mechanic.

K.G.

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within an easy 500 mile reach of 54% of the U.S. business payroll. For more information, write or call our man: Charles Besterman, State of Michigan, Department of Commerce, rue Ducale 41, B-1000 Brussels, Belgium.

## Michigan

# Opportunities in U.S.

AMERICAN CAR makers have been given no choice by the U.S. authorities: very stringent new fuel economy and pollution control regulations must be met progressively up to 1985. This has necessitated a huge investment in cash and engineering resources. It is also offering lucrative opportunities for those European component companies which have special expertise to offer.

To meet the fuel economy legislation the U.S. manufacturers must make smaller and lighter cars, much more like European vehicles than anything Detroit or Dearborn has offered in the past.

But Europe and the U.S. are too far apart geographically for one to provide a proper service to the other. So the Europeans have already begun to set up manufacturing and engineering operations in the States.

One of the most important factors in the changes which are rapidly being introduced in America is that General Motors, which accounts for more than half the sales in the world's biggest new car market—11m a year—with such names as Cadillac, Chevrolet, Oldsmobile, Buick and Pontiac, has decided that the diesel engine provides part of the answer to the fuel economy challenge.

Mr. E. M. Estes, G.M.'s president, has predicted that at least 25 to 30 per cent of his group's cars will be powered by diesel engines in 1985.

General Motors must meet this target if it is to comply with the Corporate Average Fuel Economy requirements. American manufacturers have been told by Washington to cut average fuel consumption across their model ranges to 28.5 U.S. mpg from today's average of 18 mpg.

General Motors feels that the diesel option is the best means available to help meet the economy requirements while at the same time being able to

continue to offer customers a six-seater car.

If the company is right, then the U.S. is in for a diesel engine "explosion." And Europe's two big rivals in the supply of fuel injection equipment for diesels have no intention of taking a chance that GM has booted.

Robert Bosch of West Germany has been in the States for some time—it built its American plant at Charleston, South Carolina, in 1973. But its arch rival, Lucas Industries of the UK, did not make its move until 1977 when it announced that its CAV subsidiary would begin assembling fuel injection pumps at a new factory in Greenville, South Carolina.

## Determined

Previously, Bosch's American customers were mainly builders of truck diesel engines—companies such as John Deere, Mack and Detroit Diesel, the General Motors subsidiary. Now Bosch is preparing to expand its U.S. operations step by step to meet the demands of customers. One of those customers is Volkswagen, now assembling cars in the States, and which is taking equipment for the diesel version of its small car, the Golf, which is sold in the States as the Rabbit.

Lucas also had established diesel-engine manufacturing customers who were determined to make their presence felt more strongly in the U.S. and it was inevitable that Lucas would have to follow.

The \$3m CAV plant at Greenville includes a comprehensive engineering centre for applications work as on-the-spot engineering support is essential for U.S. engine builders seeking type approval for products in the face of tightening environmental controls.

While both Bosch and Lucas-CAV chose to set up U.S. businesses in the Southern

States where State financial incentives are high and trade union strength is low, another major European components maker, Automotive Products of the UK, moved into the very heart of the American car industry last year by setting up shop in Troy, Michigan.

As with Lucas-CAV, Automotive Products said its move had been "motivated by the increasing demand from the U.S. vehicle manufacturers for close contact with the purchase and engineering areas of their international component suppliers, occasioned by a new generation of "world car" developments now playing such an important part in Detroit's activities."

Last September the group made the breakthrough it was hoping for in the U.S. by winning a \$10m order to supply clutches for Chrysler's new "world car" due to be launched in the early 1980s. The order, for 100,000 diaphragm spring clutches a year for five years, was secured in the face of intense competition from Japanese and West German makers as well as U.S. companies.

The clutches are a unique Automotive Products design. The group is going ahead to equip its Troy plant at the initial cost of \$2m and recruit 200 employees. The plant will be capable of producing 250,000 clutches a year but Automotive Products insists this is not excessive because of the move to manual gearchange which is expected to accompany the downsizing of American cars.

At present 85 per cent of cars on U.S. roads have automatic transmission but both General Motors and Ford have told Automotive Products that they expect 50 per cent of the new, smaller "world cars" to have manual gearchanging.

Another significant feature of the U.S. "world cars" will be that they will often incorporate front-wheel-drive. Up to now only one in 100 American-built cars has had front-wheel drive but, if the forecasts are right, that proportion will shoot up to 50 per cent by 1985.

This change has opened up enormous opportunities for Britain's biggest engineering group, GKN, which has roughly one-third of its turnover in automotive products including a piece of equipment used in front-wheel drive cars called the constant-velocity joint.

The joint transmits power from the engine to the front wheel and GKN holds a unique position in the development and quantity production of constant-velocity joints.

This explains why the UK group has started to build a \$42m plant at Sanford, North Carolina, to produce enough of the joint for 500,000 cars a year by 1980 (there are four of these items to each car costing around \$80 to \$140 a set). As GKN has been making about 14m constant-velocity joints a year in Europe, this U.S. venture increases output 14 per cent in one big step but already a second American plant is being planned.

GKN for some years has been trying to build up its overseas earnings because the board felt that it had too much at stake in the UK. An attempt to make a big leap forward on the Continent was foiled by the West German Cartel Office which successfully contested through the courts the UK group's proposed purchase of the Sachs clutch-making concern. As a result GKN looked to the States, another thriving and stable market.

And, apart from the North Carolina plant, GKN recently agreed to buy Parts Industries Corporation (PIC) of Memphis, Tennessee, a private company located mainly in the south central states but the fourth-

largest automotive replacement parts and accessories distributor in the U.S. Its turnover is about \$100m a year.

Turner and Nowall, another UK group seeking expansion elsewhere to offset the problems of a shrinking home base, bought the Nutrum Corporation in the U.S. as a company through which the expertise in friction materials of T and N Ferodo subsidiary could be channelled.

Nutrum has been selling more than \$20m-worth of products in the replacement market with the Leland and Grizzly name.

But T and N is now expanding the business and has opened a \$10m manufacturing plant and warehouse at Smithville, near Nashville, Tennessee and expects to break into a original equipment market of heavy-duty brake blocks, brake pads, drum brake lining clutch facings and brake assemblies—in particular for "world cars."

K.C.



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جوليا



# Court challenge to bank lending practice

By MICHAEL LAFFERTY, Banking Correspondent

CASE of Williams and Glyn v. Derek Hugh Barnes, currently running in the Bench Division of the Court, may yet go down as one of the most important cases ever to be decided. Experts are predicting a decision in favour of the bank, a former associate with Blackburn Rovers, bring about vast changes in customer relations.

practice, of course, this must amount to one of the greatest success stories in modern commercial life. The overdraft is still by far the most popular method of borrowing by both companies and individuals, though it is declining slowly as a form of finance for companies. Nowadays, as the clearing banks

of bank finance because interest is charged each day only on the amount of money borrowed. In addition, arrangements are informal, often amounting to little more than a brief visit or even a phone call to a bank manager. Finally, there is generally no legal documentation beyond possibly a letter from the manager confirming the facility as agreed, and the signing of a debenture stating what security the bank can call on should the borrower default. For most businesses, the debenture will be a floating charge on the current assets of the firm.

which he will regard his money as repayable when he grants a customer an overdraft. It is all part of the flexibility which surrounds the overdraft. There is another feature of the overdraft which highlights the anomaly of banking practice in this area. The banks accept that a substantial, though

loans, to be used in the event of liquidity problems. The floating charge generally goes hand-in-hand with overdraft borrowing by companies. Frequently bank lending to companies will be secured by a fairly standard debenture creating fixed and floating charges on the net assets of the busi-

nesses to call in its overdraft after the company has hit trouble — the bank has the right to appoint a receiver and manager. The receiver's job is to realise sufficient of all moneys and liabilities hereby charged assets to pay off the bank's debenture.

The latest "attack" on the floating charge concept came in the evidence given by the American Bankers Association of London (ABAL) to the Wilson committee. The U.S. banks are accustomed to, and prefer to obtain, specific security over assets, rather than use the floating charge. This means that uncharged assets are available to support credit from other banks. ABAL members view this "as a fairer system of security in lending, and one which tends to focus attention more upon the viability of the borrower than on the security values in a liquidation." They claim that the British system only encourages the taking of blanket security, thereby making it difficult for companies to find other lenders.

Naturally, the British clearing banks do not accept such criticisms. They say the American banks in Britain only have experience of lending to large companies and government agencies, where it is also not the practice for UK banks to take floating charges. The clearers also claim to be aware of cases where breaches of the formal conditions attached to U.S.-type lending have triggered an inevitable process of liquidation that might have been avoided with the floating charge system.

In practice, in spite of the British clearing banks' staunch defence of the floating charge, it is clear that the value of the charge itself has been damaged considerably over recent years. The introduction of "value added" tax in 1973 means that companies going into receivership are often found to owe the Government vast amounts of tax as well as PAYE, which enjoys preferential repayment.

## THE CASE OF WILLIAMS AND GLYN'S V. DEREK HUGH BARNES

Williams and Glyn's, one of the clearing banks, is suing Mr. Barnes for some £1.5m, consisting of two loans (plus interest) made several years ago. Mr. Barnes, then chairman and a major shareholder in the Northern Developments housebuilding group that collapsed in 1973, is counter-claiming for £311m—the value of his stake in the company at its peak.

Mr. Barnes is arguing that the bank made it impossible for him to repay the loans by destroying the value of his shareholding, which was the main security for the loans. Northern Developments had failed when Williams and Glyn's called in £11m of overdrafts at short notice in June 1973 and then put in a receiver. As part of the Barnes' case the bank's right to recall the overdrafts on demand is being challenged. It is also being asserted that Williams and Glyn's "owed a duty to Northern Developments and its shareholders to act in a careful and responsible manner toward it and to advise it as to its financial position and affairs with proper skill, care and diligence."

The case is expected to run until the autumn, at an estimated total cost of at least £1m. If the bank should lose, appeals as high as the House of Lords seem likely.

## Contractual

What is the contractual position? At the end of the day it would appear that overdrafts must be regarded like any other business transaction. The precise position in each case therefore depends on the terms agreed between the bank and customer. If a bank manager tells a customer that he has an overdraft facility for £1m, which will be reviewed again in a year, there must at the very least be a possibility that the bank is obliged to maintain that facility for the year, subject to whatever conditions are agreed between the two parties.

But here again there are problems. It is not at all the normal practice for a bank manager to specify the conditions under

which a company or partnership cannot charge to their VAT input account and so recover the VAT against their output. It is a significant point in the industry's demand for medium-term loans... it might be necessary to consider the possible introduction of official refinancing facilities for such

unquantifiable, element of their overdrafts is of a hard-core nature, ad hoc term lending. They also emphasise that there is now a tendency to move more and more corporate customers off overdrafts on to formal medium-term loans. However, as the clearers admitted to the Wilson Committee, "there are limits beyond which turning short-term deposits into longer-term loans would be unjustifiably imprudent. If there were a significant upward in the industry's demand for medium-term loans... it might be necessary to consider the possible introduction of official refinancing facilities for such

ness, as necessary. A fixed charge simply means that lending is specifically secured by particular assets, such as land or plant; until recently it has been assumed that fixed charges can only be secured on fixed assets. A floating charge, on the other hand, is secured in the sense that it floats on the current assets of the business without attaching to any part of them in particular. This has the advantage that it allows the directors to have a free freedom of action in the general turnover of stocks and debtors in the ordinary course of business. But if the need does arise — typically the bank de-

## EXTRACT FROM A BANK'S STANDARD DEBENTURE FORM

The company as beneficial owner hereby charges with the payment or discharge of all moneys and liabilities hereby created to be paid or discharged by the Company:—

(a) by way of legal mortgage of all the freehold and leasehold property of the Company... and fixed plant and machinery

(c) by way of first fixed charge all future freehold and leasehold property of the Company... and fixed plant and machinery from time to time thereon and all the goodwill and uncalled capital for the time being of the Company;

(d) by way of first fixed charge also book debts and other debts now and from time to time due or owing to the Company;

The banks' response to this move is only now becoming evident. Increasingly they are taking fixed charges on debtors (or book debts)—in effect taking the best part of the assets previously secured by a floating charge into the first rank in the repayment schedule. A related benefit is that fixed charges become effective immediately, once registered, whereas floating charges may not become fully "crystallised" until a year has elapsed.

Barclays has been including a clause to this effect in its standard debenture form for several years and, despite occasional protests from liquidators and receivers, it has not really been

(e) by way of a first floating charge all other the undertaking and assets of the Company whatsoever and wheresoever both present and future but so that the Company is not to be at liberty to create any mortgage or charge upon and so that no lien shall in any case or in any manner arise on or affect any part of the said premises either in priority to or pari passu with the charge hereby created and further that the Company shall have no power, without the consent of the Bank to part with or dispose of any part of such premises except by way of sale in the ordinary course of its business.

\*The new clause, taking a fixed charge on debtors

In addition, it has recently become the fashion for trade creditors—who inevitably come out worst in a receivership—to incorporate clauses reserving title to goods supplied until they are paid for, in their standard conditions of sale.

challenged on the right to do so. Almost by accident last year the little-known Siebe Gorman case in the High Court appeared to give legal authority to this procedure.

Barclays has been joined in the past year or two by National Westminster Bank, while Lloyds, though officially still considering the matter, is about to start taking fixed book debt charges as well. The only exception is Midland Bank, which appears to have some doubts about the legal validity of the whole idea of taking fixed charges on debtors.

Whether the issue will ever be decided depends on whether a receiver or liquidator decides to challenge one of the banks. This may not seem altogether a likely possibility because the receivers depend for their work almost entirely on the big banks, while the matter is hardly worth arguing about when the residue after an insolvency passes to the liquidator. In the meantime matters will simply continue as they are—based on custom and practice.

## The best part

The banks' response to this move is only now becoming evident. Increasingly they are taking fixed charges on debtors (or book debts)—in effect taking the best part of the assets previously secured by a floating charge into the first rank in the repayment schedule. A related benefit is that fixed charges become effective immediately, once registered, whereas floating charges may not become fully "crystallised" until a year has elapsed.

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## Letters to the Editor

### ie root of inflation

Mr. W. L. Fairweather. The flow in the Budget presented by Sir Geoffrey which could prove fatal to access in combating the inflation which has been particularly disturbing in the past year, is its failure to inflation at its root in the dry system.

The Chancellor's one-redeed successor, Mr. Barber, has a change in the which built inflation into facing bank liquid assets with cash as the credit. Perhaps this was the Wilson Committee which is looking into matters (still to report) is unfortunate that the fresh start which have been expected. Only would deny the potency of supply as the primary of inflation or dispute the which Government says give it about. The case the matters over which 1971 Government control the standards of earlier been almost totally done by its absence.

illustrate this, total is held by the public at clearing banks by mid-nd reached a total of just 9.58bn. At this level they ed apart from seasonal on practically stationary the first few months of Then in July 1971 they to rise sharply to £12.5bn end of the year, to £16.7bn 72 and to £32.5bn by 1973.

Labour Government which into office soon afterwards change this although it a great deal of time and in controlling the un-able, at first with some level of deposits was still 4.60bn, rising by further in 1976. But in 1977-78 arly 1979 the rises were matching the worst of the years reaching a total of n at the latest count in that is over six times the at which they stood in 1970.

is the problem with which government has to deal. So it remains interest rates always be too high for productive investment. prices rise it will gain no for the short-term gain than for the long-term ment which can only yield 5 after years and in terms some only. There is no that the outgoing Labour ment was extremely in its neglect of the ations of the 1978 th) policy which to succeed ed more strict, not less control of the banking n, much more direction of try and strict control of to ensure that demand d to assist employment was ifused in higher prices and Likewise this Government ing as it does in free enter- must give industry its head, ut the aid of monetary ion and pay the electoral queences if it fails.

to the House of Commons Public Expenditure Committee that the Treasury had somehow lost £5,000 (£4,000 for every family in this country). So far there has been no proper account given, and no resignations or other action taken, not even a debate in the House of Commons.

In this book, "Yom: Disobedient Servant," Leslie Chapman, an ex-civil servant, has blown the gaff on waste, extravagance and manipulation by the Whitehall bureaucracy. He writes (page 168): "This book is concerned only with the financial consequences of unnecessary secrecy in the public sector, and there should be no room for misunderstanding of this point: while the Official Secrets Act is used as it is in this country, bumbling and incompetence of all kinds can flourish undetected, and the taxpayer will pay dearly for this."

The "catch all" Section 2 of the discredited Official Secrets Act of 1921 should be repealed with dispatch, and replaced by a positive measure, namely a Freedom of Information Act. One immediate consequence of repeal of Section 2 is that it would set free those middle grade or senior staff of the public services who have since contacted Mr. Chapman, because they had "reason in the past to be angered or outraged by the way in which the Official Secrets Act had prevented them from doing anything about obvious abuses which they themselves had uncovered."

Green pound devaluation. From the Managing Director, Poulton Farming. Sir, Christopher Parkes' article (June 14) emphasises the need for a Green pound devaluation if British agriculture is to make even a pretence at producing more food. I should like to comment on two aspects of his report.

Firstly, he makes the point that Ministers of the other nations might object to Green pound devaluation for Britain prices frozen. It must, however, be relevant that British producers are receiving markedly less for our products than are our colleagues in mainland Europe. Perhaps the extreme example being the 50 per cent more that German farmers are receiving for their milk when compared with Britain. This year the average return to British milk producers will be about 50p per gallon, or 61p per pint, which makes an economic sense when one considers that certain Agricultural Minister John Silkin (who can claim to have done more harm to British farming, and the ancillary industries, than any other person in modern times) stated in 1977 that by January 1978 British producers would be receiving 61p per pint for their milk. Since then, of course, we have "enjoyed" an increase in

costs of at least 25 per cent. Secondly, Christopher Parkes refers to the awful weather of the past eight months but then implies that this is why farmers are asking for higher returns. Yes, it has been terrible weather and it has added considerably to farmers' costs but weather should be considered a normal business hazard and should never be used as an excuse for asking for higher returns. I have just to hear good weather being used as a reason for accepting lower prices!

The present plight of the agricultural machinery industry, parts of the processing industries and other companies that rely on British farming for their survival reflects the recession that has been caused by five years of misrule when pandering for votes was the basis for decision-making. The present Government has so far said all the right things. The British agricultural industry, and its dependants, awaits the necessary action.

Definition of higher-paid. From Mr. P. J. Brown. Sir—A new Companies Bill is shortly to be laid before Parliament. May I enter a plea that our politicians should consider the revision of the £10,000 and above figure that defines "higher-paid" employees for the declaration required under Section 8 of the 1967 Act.

£10,000+ was a very considerable salary in 1967 and covered the really top men in a company. However, this figure has been overtaken by inflation and I wonder how many companies now find that their list includes hourly-paid workers? Clearly, this declaration, which was never very helpful in the first place, is now becoming totally meaningless, but the work involved for company secretaries, accountants and auditors is considerable at the end of each financial year and, with inflation, is increasing each year.

VAT on private cars. From Mr. E. Gilligan. Sir—I refer to your issue of Thursday, June 14, and in particular the article on Page 6 under the heading "BT Car dealers ready for last minute sales rush" by Kenneth Gooding, your Motor Industry Correspondent. I quote from the article as follows: "However, the UK new car market is dominated by company purchases. At least six out of 10 new cars are bought by companies or partnerships that are not affected by the VAT increase."

This of course is wrong—VAT on private cars cannot be charged to VAT input as can the purchase of vans, trucks and all other items. In fact cars are the only item, to my knowledge,

transforming the semi-arid lands" gives the impression that little or nothing in soil and water conservation has been achieved in past years. In particular, I refer to the pioneer work of the Soil Conservation Service in the post-war years, when dedicated teams of workers led by Colin Maher and Robert Barnes experimented, designed and executed extensive terracing projects and earth dams in the Mtschakos area. Similar work was carried out in Nyansa Province by SCS and in Kivu district by Mr. Kelly, the DC there in the 1950s.

The mysteries of golf. From Mr. Adrian T. Lamb. Sir—Wimbledon fortnight is not very far away, so it seems an appropriate time for me to write to express what, I feel, must be the views of many people who watch sport on television.

In all the tennis matches I have ever watched on television, we are told what the players are doing even though we can see the players doing it, and on some occasions we are even told what they must be thinking—very clever of the commentators to know! In addition, every point and law of the game of tennis is explained time and time again and it is often necessary (for me at least) to turn off the sound and merely watch. However, do we get the same treatment for golf? Not likely! Nothing is explained, except who is putting/driving/in the rough/in the bunker/under the green, etc. I am numbered—haven't a clue as to what a "birdie 4" or an "eagle 3" is, or even might be; we do not know what the method of scoring is, either.

Prices and inflation. From Mrs. Susan Liddell. Sir—I have in front of me a letter from the Chancellor of the Exchequer written in October 1978, in which he says "I do not believe that the mixed economy can very long survive in the context of interest rates such as we now face"—i.e. 15 per cent. In his budget Sir Geoffrey raised M.L.R. to within 1 per cent of these levels so it is apparently willing to put our economy at risk in pursuit of the unproven and doctrinaire theory that there is a unique relationship between the money supply and the rate of inflation.

I find this quite terrifying since in my opinion, few if any economic theories can be applied in an undiluted form to the real world. At least of all this particular one since, as it stands at present, it is completely different ways of defining money. I have therefore every sympathy with my pupils when they ask me to explain exactly how putting up the price of everything will bring down inflation. Perhaps one of your readers can help. Susan Liddell. (Parliamentary Liberal Candidate 1978 election). Dormans Corner, Longfield, Surrey.

Peter and Anne's problems. From Mrs. Helen James. Sir—"The Not Quite So Bad Life" (June 16). The solution to Peter and Anne's cash problems is simple. Now that the children are older Anne must find herself some form of paid employment.

Projects in Kenya. From Mr. J. Robertson. Sir—As a former resident of Kenya, I thought your special feature (June 9) regarding mining, I feel, however, that Martin Dickson's article on "Hopes of

GENERAL Confederation of British Industry council meeting, London. Mr. Michael Pocock, Shell Transport and Trading chairman, speaks at British Shippers Council conference, London. Prince Charles attends Iron and Steel Trades Confederation Conference, Bournemouth. South African Prime Minister P. W. Botha visits London during European tour. Chatham House conference on the Middle East after the Shah. Evening Standard literary lunch—Lady Soames and Lord George-Brown speak. Lincolnshire Show opens, Lin-

coln (until June 21). Sir Kenneth Cork, Lord Mayor of London, visits Royal Naval College and National Maritime Museum, Greenwich. OFFICIAL STATISTICS Gross domestic product (first quarter, provisional). Bank of England Quarterly Bulletin published. Monthly index of average earnings (April). INTERIM FIGURES: Blishi Tin, Duple International, Tate and Lyle (third quarter figures). COMPANY MEETINGS See Company News on Page 21.

It is encouraging to note that Mr. Jesse's recognises the problem of sustaining the EEC programme after they have left; hopefully, operation and maintenance teams will be trained for this crucial purpose and that they will be effective for many years to come. As Mr. Dickson points out, dams in the past have silted up, but it should be mentioned that in many instances, villages (and farmers in the White Highlands as well) were shown how to build silt traps above the dams, but alas, this was not done.

The Government of Kenya should be congratulated on initiating this promising project and I trust, Sir, that you will include a progress report on it in your next feature on Kenya. J. Orr Robertson, Gaddock, Balaclava, Girvan, Ayrshire.

Take home pay. From Mr. Brian Gray. Sir—Now that the top rate of Income Tax is to be substantially reduced, could I as a shareholder suggest that it is an opportune moment for published company accounts to cease including the irritating table which tells me how little take-home pay my directors have; always assuming, of course, that they are married, with two children, Matthew and Matilda, which very likely they are not, anyway. I can see at a glance the size of the gross emoluments, and if I wish to explore the miseries of their deduction, which I do not, tax tables are fairly accessible material. I am not asked to sympathise with the tax hardships of Cabinet Ministers, Archbishops, or pop singers so why company directors? I presume they are dealt with on the same basis as the rest of us. Brian Gray, 35, Oldmeldrum Road, Bucksburn, Aberdeen.

Peter and Anne's problems. From Mrs. Helen James. Sir—"The Not Quite So Bad Life" (June 16). The solution to Peter and Anne's cash problems is simple. Now that the children are older Anne must find herself some form of paid employment. The income from this job would more than cover the projected monthly deficit and the surplus could be saved to fund some capital replacements in the future. Once Peter's salary increases materialised the family budget should be running a healthy surplus. Helen James, 57, Seaford Close, Ruislip, Middlesex.

Projects in Kenya. From Mr. J. Robertson. Sir—As a former resident of Kenya, I thought your special feature (June 9) regarding mining, I feel, however, that Martin Dickson's article on "Hopes of

GENERAL

Confederation of British Industry council meeting, London.

Mr. Michael Pocock, Shell Transport and Trading chairman, speaks at British Shippers Council conference, London.

Prince Charles attends Iron and Steel Trades Confederation Conference, Bournemouth.

South African Prime Minister P. W. Botha visits London during European tour.

Chatham House conference on the Middle East after the Shah.

Evening Standard literary lunch—Lady Soames and Lord George-Brown speak.

Lincolnshire Show opens, Lin-

STANDARD CHARTERED IN SHANGHAI

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secret public money. Mr. Stanley Aldridge. In the wake of the let, we should remind our s of a financial scandal, h is still outstanding. In ber, 1975, it was admitted



# 55% midterm improvement Tecalemit increases 24% lifts THF to £19.2m to end on record £4.6m

THE DIRECTORS of Trusthouse Forte, hotels, catering and leisure group, report a 55 per cent rise in profits for the half year to April 30, 1979, and anticipate a successful outcome to the full year's trading.

Taxable surplus for the period was £19.2m, against £12.4m. Profits for the whole of 1977-78 year being a record £55.5m.

When reporting last year's figures the directors said that good results had continued into the current year and they were optimistic that the levels of trading then achieved would be maintained.

Results for the period include results of Colony Foods Inc. acquired in June 1978. Comparative figures include the half year results of the Australasian hotel interests dispersed of in May 1978.

Trading receipts for the half year were £274.484.71 per cent unsecured debenture stock 1988-91 and £19,919,459.71 per cent unsecured loan stock 1995-2000 now outstanding at prices of £80 and £70.50 respectively for every £100 nominal of stock, together with each case with accrued interests.

See Lex  
**Bradford Property advances**  
Pre-tax profits of Bradford Property Trust increased from £4.36m to £4.67m for the year ended April 5 1979.

Earnings per 25p share are given as 29.62p (28.87p) from an attributable balance of £2.37m (£2.19m) after tax £2.4m (£2.17m).  
The dividend is stepped up to 8.488p (8.56137p) net with a final payment of 5.7p, the total amount costing £728,552 (£521,585). Also proposed is a two-for-two scrip issue.

## HIGHLIGHTS

Lex looks at the Trusthouse Forte interim figures, which show a sharp increase in profits and the company is optimistic about the full year. The big economic event yesterday was the announcement of the trade figures for May and Lex assesses a confusing set of statistics which could have important implications for the response to the two new gilt edged issues tomorrow. Elsewhere Lex returns to the subject of rights issues and new evidence, that they are often unremunerative for shareholders. Thomas Tilling revealed yesterday that only 25 per cent of its cash call had been taken up, and a further two rights issues were announced, the largest being a £8.7m issue by Highland Distilleries.

## First half growth at Crest Nicholson

Continued profit growth is reported by Crest Nicholson with a taxable surplus of £1.61m for the six months ended April 30, 1979, against £1m last time. Turnover was ahead from £16.84m to £18.76m.

Mr. D. L. Donne, chairman, states that the aim for the full year is for a substantial further advance in the progress of the group—profit last year was a record £2.51m—and we expect that this will be achieved including a significant increase in earnings per share.

For the half year stated earnings are 6.5p (3.1p) per 10p share or 4.9p (3.1p) fully taxed. Capital increased by last February's one-for-two rights issue the net interim dividend is maintained at 1.5p, last year's final payment being 2.1671p.

Despite the bad winter the property division materially exceeded its profit target, and Mr. Donne says it will achieve record profits for the full period. The acquisition of the Crofton companies, which design specific frames, sunglasses, etc. became effective at the end of February and £200,000 attributable is included in the six months figures. The outlook for these, "is most encouraging."

Comment  
Crest Nicholson has never been unduly pessimistic about its earnings potential and the interim improvement comes out at almost 60 per cent to 4.9 p share on a fully taxed basis.

RECORD PROFITS and a big increase in the dividend are reported by Tecalemit, the fluid transfer and filtration, lubrication systems, garage equipment and combustion engineering group.

Taxable profits expanded 24 per cent from £3.7m to £4.61m in the year to March 31, 1979, in turnover some £10m higher at £43.07m.

	1978-79	1977-78
Turnover	43,072	32,885
Trading profit	4,771	3,876
Interest	164	173
Profit before tax	4,935	4,049
Tax	1,227	1,046
Net profit	3,708	2,857
Minority	0	0
Extraordinary	204	—
Attributable	2,448	2,754
Minority	683	537

The net final dividend of 3.471p per 25p share hoists the total to £2.59p (£2.605p) reflecting the directors' intention of raising the payment upon removal of restraints. A one-for-one scrip issue is also proposed.

At midway, profits were up from £1.78m to £2.12m, and the directors expected an increased full-year surplus.

Mr. Nigel Bennett, chairman, anticipates that the outcome for the current year will again be satisfactory.

Tax for the period took £1.93m (£1.05m). SSAP 15 has been adopted resulting in a reduction of £832,000 (£952,000). Statutory earnings are 20.2p (17.9p) on a full tax charge, and 25.2p (27.9p) on SSAP 15 basis.

Comment  
Tecalemit's second half was better than expected. At the halfway mark the chairman warned that industrial and economic uncertainties made the outlook difficult to assess. In the

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corre-Total last year	Total last year
Allwood Garages	0.84	Aug. 1	0.54	1.45
Barroora Tea	10	July 30	10	20
Bradford Prop.	5.7	Aug. 3	3.1	8.86
J. Carr (Doncaster) Ltd.	0.66	Aug. 3	0.33	1.05
Comfort Hotels	0.31	—	0.23*	0.45
Crest Nicholson	1.57	Oct. 5	1.5	3.72
Godfrey Davis	4.3	July 27	2.54	5.5
James H. Dennis	2.11	Aug. 15	0.78	3.16*
E.R.F.	1.23	Aug. 3	0.56	1.6
Fairdale Textiles	1.2	Sept. 3	—	—
J. H. Fennell	3.3	July 31	2.4	5.6
Globe Inv.	3.1	Aug. 2	1.92	3.59
Hargreaves	2.14	Aug. 1	—	—
Hawker Siddeley	2.94*	—	7.5	4.12
J. T. Parrish	4.41	—	3.94	4.41
Record Ridgway	0.47	—	—	—
Tecalemit	3.47	Aug. 4	1.52	3.65
Trusthouse Forte	5.67	Oct. 1	1.83*	5.32*
United Spring	0.41	—	0.55	1.62

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡For 7 months. §For 12 months. ¶Additional payment following removal of dividend controls. \*\*Adjusted final following removal of dividend controls.

event second half sales jumped 39 per cent and pre-tax profits were up 26 per cent. While the figures include a first time contribution from the French subsidiary, Fogauto, this does not greatly affect profits. It does, however, distort the group margins. The figures presented show margins down from 11.2 to 10.7 per cent, but if the "fog" contribution is eliminated the latter returns to around 11.8 per cent. Growth came from the garage equipment division, combustion engineering and from Common Market sales. The

lubrication system side was down a little on last year and profits in Australia were lower. The shares jumped 11p to 156p yesterday giving a p/e of 7.8 and a yield of 6.1 per cent. There is potential for growth in the current year through "Fog" in France and from sales in other European countries, but results from the important garage equipment activities could be hit by a drop in demand. Garages had until June, 1979, to get their MOT equipment up to scratch though some work is still filtering through.

## Record Ridgway returns to profit but passes interim

THOUGH STILL dogged by problems in its export markets Record Ridgway recovered from the £209,000 second half pre-tax loss in 1977-78, to a £118,000 profit in the six months to April 1, 1979. However, this was sharply down on the £390,000 produced at midway last time and, therefore, the company is passing the interim dividend.

The next six months will not be easy, with the level of overseas demand remaining the major factor, but I am confident that the actions taken will lead to some improvement in profitability," Mr. A. B. Hampton, the chairman, states.

First half UK sales were £0.23m higher at £5.58m but exports slipped to £2.25m (£3.38m). With overseas turnover up at £1.42m (£1.22m) total sales were better at £10.35m, against £9.96m.

Home demand on Record Ridgway Tools remains satisfactory, but problems in overseas markets, particularly in the Middle East and Africa, have kept exports at a disappointing level, says Mr. Hampton.

Operating costs and profit margins are under constant scrutiny and corrective action is being taken wherever possible. However, group competitiveness overseas continues to be affected by the level of UK inflation and the strength of sterling, he adds.

The surplus on trading at home was down £630,000 at £90,000 on a year ago but showed an advance on the £21,000 for the second half of 1977-78. Overseas it was ahead from £122,000 to £183,000 for the period compared with £101,000 for the six months to year-end.

The half-year taxable total was struck after interest of £146,000 (£32,000). There was a tax charge this time of £57,000 (nil) leaving the net balance at £82,000 (£86,000) for stated earnings per 25p share cut from 8.1p to 0.3p.

Exchange losses amounted to £30,000 (£42,000) and retained profit emerged at £33,000 (£59,000).

Last year an interim distribution of 2p was made and the intention had been to pay a 4.25p total. In the event no dividend was paid and now the directors consider it prudent to defer any decision on a dividend for the current year until the full-time results are known.

Bestmore Tools' trading results

## IN BRIEF

OLD SWAN HOTEL (HARROGATE)—For the year to March 31, 1979, profit £31,067 (£36,254). Tax £28,955 (£35,626). Earnings per 10p share 1.25p (1.63p). Dividend for total 0.6671p (adjusted 0.5881p).

ROBERT HORNE GROUP (unquoted paper merchants)—Turnover £26.5m (£19.4m) for half year to March 31, 1979. Pre-tax profit £1.52m (£0.96m). Profit £1.05m (£0.68m). Surplus affected by adverse conditions in early months of year. Difficult in harvest, but Board expects results for year to be comparable with £15,000 last time.

DELVAY (leasing products)—Turnover for 66 weeks to January 28, 1979, £5,998,000 (£2,664,000 for 52 weeks to October 1978). Earnings per 20p share £1.07 (£0.80) after excess provision for depreciation £22,000. Tax £24,000 (credit £25,000). Earnings per 20p share 1.27p (£0.97p), based on operating profit 2,340 (£1,271) in dividend (same).

FIRST CASTLE SECURITIES (subsidiary of Conner Finance Corporation)—Final dividend 1.21p, making maximum permitted 2.21p (2.025p) for year to January 31, 1979. One-for-one scrip issue of company and full profits increased by more than three times during year. Cumulative policy is to award interest on balance of net advantage will be taken of any suitable opportunity.

ESTATES AND AGENCY HOLDINGS—Dividend 0.489p for 1978 (0.454p). Turnover £2,862 (£2,423). Profit £2,226 (£28,173) after tax £18,236 (£28,220) and attributable £63 (£21,487). Profit struck after loss on residential property sale £21,213 (profit £3,460). Dividend of 1.38p (0.96p). Profit struck after loss on residential property sale and 1978 indicates current market value in excess of book value. An balance on the property reserve of £176,161 will be released in 1979. In addition, valuation of property held by Chester shows that current market value is substantially greater than book value.

ISE Canadian Finance Ltd. 9 1/2% Guaranteed Debentures due 1988. Notice is hereby given to Debenture holders that during the twelve month period ended May 1, 1979, the Debentures were purchased. A deficiency of \$1 million (principal amount of 1 debenture) was noted. In May, 1979, \$1.2 million principal amount of Debentures was acquired in the open market.

ISE Canadian Finance Ltd. No. 24, 1979

# Highland Distilleries £8.7m rights

A rights issue to raise £8.66m net is announced by Highland Distilleries. At the same time the company forecasts a 10 per cent profit increase to £4.5m for the year ending August 31, 1979, and the net final dividend of 1.55p on the enlarged capital of a total of 2.1p or 3p gross—an increase of almost 28 per cent.

The directors point out that in 1970 the company acquired Matthew Glog and Son and entered into a joint venture agreement with Robertson Baxter with the objective of developing Glog's Famous Grouse blended scotch whisky. According to the company, heavy stock investment is planned to meet future demand for the brands in which the group is interested and this, together with the necessity of financing higher debtors (including duty), as a result of increased sales, requires additional capital.

Further, the distilling capacity of the group is being increased, with some £1.6m being spent at Glenrothes Distillery. This will require further warehouse capacity.

The issue has been underwritten by Barling Brothers and Co. The offer of 10.24m new ordinary shares of 20p each is on the basis of one-for-five at 88p each.

Provisional allotment letters will be posted on July 6 for acceptance and payment in full by July 27. Dealings are expected to begin on July 9. The issue is by way of cash and Co. and R. C. Greig and Co.

comment  
Highland has combined its cash call with a rather disappointing profits forecast indicating a percentage rise of less than half the average growth of the previous three years. The benefits of the "Famous Grouse" brand are clearly taking much longer than expected to come through. This is mainly due to a sharp rise in the cost of promoting it in England and Wales along with

## A. GOLDBERG RAISING £2.44M

A. Goldberg and Son, a Glasgow-based department store operator, is raising £2.44m by way of rights. A total of 4.7m new 25p shares will be offered on the basis of one-for-three at 60p per share, compared with last night's closing price of 75p.

The directors propose to pay dividends of not less than 22 per cent for the 52 weeks ending March 29, 1980 on the increased capital. This compares with 5,000p for 1978/79, paid in profits of £2.34m.

The rights issue has been underwritten by The British Linen Bank, Brokers are Sh. Parris and Chase.

## MANCHESTER & METROPOLITAN

Manchester and Metropolitan Investment Trust is raising £118,000 by the issue of 179 new ordinary 25p shares by a placing at 69p per share than expected to come through. This is mainly due to a sharp rise in the cost of promoting it in England and Wales along with

## Yearlings jump to 12 3/4%

Interest rates on this week's batch of local authority yearling bonds has jumped from 11 1/2 per cent to 12 3/4 per cent in the wake of the MIBG bids announced by Sir Geoffrey Howe in the Budget. The issues, which mature on June 20, 1979, are: Cynor Doshart Dwyfor (£9.5m), Dudley Metropolitan Borough Council (£0.5m), Beverley Borough Council (£0.5m), London Borough of Tower Hamlets (£1m), Rhonda Borough Council (£0.5m), St. Helens Metropolitan Borough Council (£0.5m), Royal Borough of Kensington and Chelsea (£0.5m), Beaconsfield District Council (£0.25m), City of Norwich (£0.75m), City of Dundee District Council (£0.5m).

The Metropolitan Borough of Solihull is raising £0.5m by a 13 per cent coupon 10 year bond on July 17, 1981. The Arfon Borough Council attracted £250,000 through a per cent coupon three-year bond.

Year basic earnings on after profits rose from 6.1p to 11.6p. Mr. Boardman says the ball sheet remains strong and positive cash flow will enable company to expand further, through capital spending acquisitions.

## Increase seen by United Engineering

A further significant profits and earnings increase is expected in the current year by Mr. C. Boardman, the chairman of United Engineering Industries. In the year to January 31 1979 the group lifted taxable profits from £1.01m to £1.53m.

He adds in his annual statement that for 1978-79 there had been a material increase in profits and earnings per share. Last year basic earnings on after profits rose from 6.1p to 11.6p. Mr. Boardman says the ball sheet remains strong and positive cash flow will enable company to expand further, through capital spending acquisitions.

During last year the group bought Link Electronics Link Systems. The chairman says the subsidiaries established growth pattern last year. It has continued this growth 1979 and have lived up to budgets and expectations. Meeting Manchester on July at noon.



## Meat and drink for BPC

You could get some nourishment from it, too

British Printing Corporation is now to be BPC formally as well as colloquially - a change which reflects the fact that the 'P' now stands for other things than Printing. Packaging and Publishing last year accounted for some 40% of turnover and over 50% of profits.

BPC's Packaging and Paper Products Group consists of 11 specialist companies.

Taylowe, of Maidenhead, specialises in servicing the upper end of the cosmetic, toiletry and food sectors of the folding carton market; Fell & Briant of Croydon and Jas Broadley of Accrington are major producers of a wide range of labels for cans and bottles; at Stockport, B. Taylor, another major supplier, specialises in group-printing of labels for retailers' own brands; and E. Hannibal at Leicester supplies the recorded music industry with a complete

range of the printed products it requires.

Other companies produce flexible packaging, envelopes, writing pads, notebooks, gift-wrapping, party decorations and other paper products.

Packaging and paper products contributed 23% of our £11.13m trading profits last year.

So 'P' stands for Printing, Publishing, Packaging, and Paper Products.

For copies of our latest corporate booklet and Report & Accounts, apply to the Secretary.



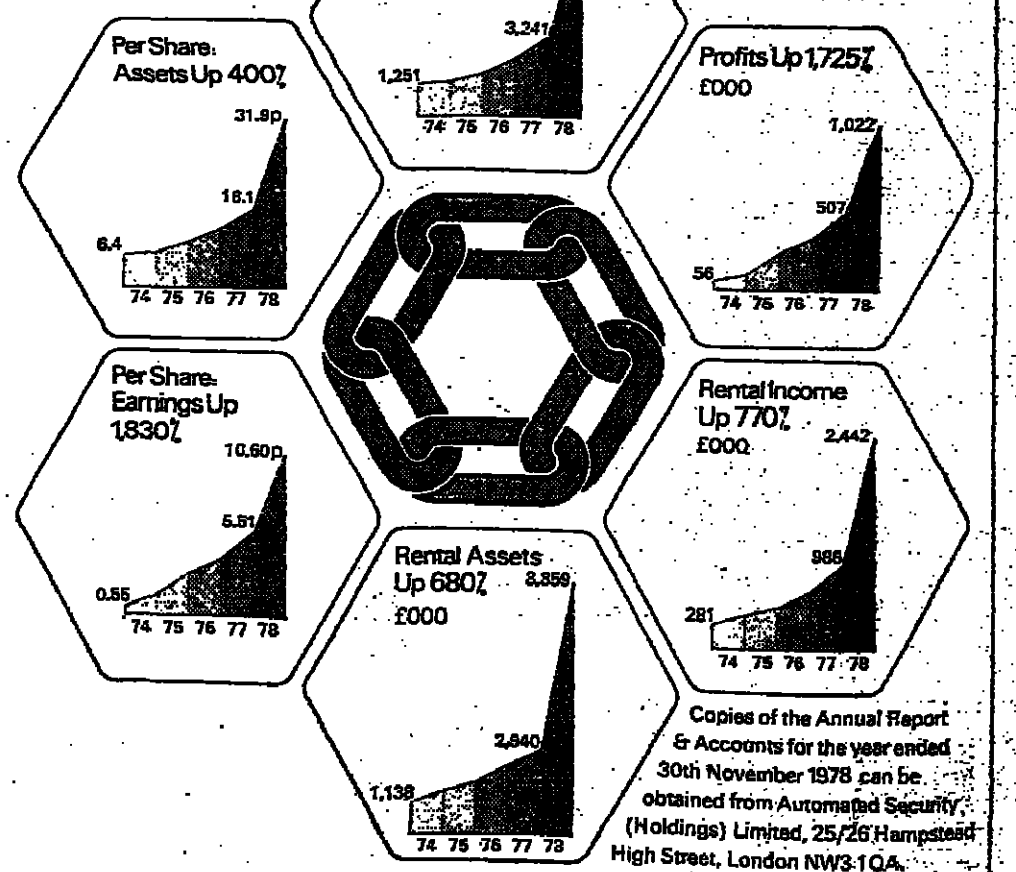
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## Automated Security (Holdings) Limited

Principal subsidiaries: Modern Alarms Limited, Brocks Alarms Limited

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UK COMPANY NEWS

MINING NEWS

Printer profits fall to 2.8m at interim stage

TRIAL DISRUPTIONS, led with generally weak... printer profits fall to 2.8m at interim stage

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are likely to be paid.

Table with columns: Half year, 1978, 1977. Rows include: Profit, Dividend, P/E ratio, etc.

price escalations and insecure supply position in respect of many of the oil-based products which the group uses in large volume is a matter for concern. So too is the future for the UK automotive industry, which particularly affects the oil sealing division, where the group is committed to exceptional costs on factory relocation.

Utd. Spring goes ahead to £0.82m at halfway

TAXABLE profits of United Spring and Steel Group, spring manufacturer, steel stockholder and processor, rose from £876,000 to £815,000 in the half-year to March 31, 1979, on higher external sales of £13.82m against £11.54m.

Comment

Fenner's first half was not particularly bright—volume was virtually static—and prospects for the rest of the year are equally dull. The American subsidiary is still losing money (although the losses are getting smaller) and strikes have knocked around £1m from the pre-tax figures.

Godfrey Davis record year

As indicated at midway, Godfrey Davis, the car hire specialist and Ford main dealer, has turned in record results for the year to March 31, 1979 with pre-tax profits up from £3.83m to £4.58m on turnover of £88.73m against £75.91m.

comment

At 127p, up 7p, shares in Godfrey Davis are just 1p below the annual peak but an historic fully taxed p/e of just 15.5 suggests that the rating is still just a little too cautious. Certainly, Ford has been able to satisfy its dealers requirements despite its own prolonged strike and GD has enjoyed its best ever winter in the face of the transport disruption and the harsh weather.

Fairdale at record £603,648

FOLLOWING A rise from £166,090 to £202,145 at halfway, taxable profits of Fairdale Textiles finished the January 27, 1979 year at a record £503,648 against a previous £480,802.

comment

After tax of £367,000 (£365,000), stated earnings per 10p share are up from 2.47p to 3.3p. The net interim dividend is lifted from 0.55p to 0.805p—last year's total was 1.6214p.

Hemerdon share allotment soon

AGREEMENT has been reached between Dunwoody of Toronto and Mr. W. A. (Billy) Richardson over the allotment of shares in Hemerdon Mining and Smelting, a Bermuda-registered company, whose UK subsidiary is engaged in a joint exploration venture outside Plymouth.

comment

Mr. Richardson ran Hemerdon Mining until December 1976, but no shares in the concern were ever allotted in return for the financial support he received from investors, mainly in Ontario and the U.S.

Gt. Bear Lake uranium find

A URANIUM find has been made at Louisa Lake, near Great Bear Lake, in Canada's North West Territories by Kelvin Energy as operator of a six-hole drilling programme, reports our Montreal correspondent.

comment

The group financing the programme consists of Kelvin, the West-German-owned E and B Exploration and Pan Ocean Oil, which is now owned by Marathon Oil of the U.S.

NORTH BH STAKE IN BH SOUTH

North Broken Hill, the Australian base metals and investment group, has lifted its stake in BH South to 19.3 per cent from 18.4 per cent by share purchases in the first half of the month.

comment

In June, when North BH's holding was 16 per cent, it was denied that a takeover bid was in the offing. Since then North BH has acquired the holding—about 2 per cent of BH South—of its own staff provident fund, Consolidated Gold Fields owns 10 per cent of North BH.

R.F. little changed after 6th month

RELATIVELY unchanged tax profits of £1.73m in the half ended March 31, the full year total for (Holdings) at £3.34m and with £3.28m pre-tax turnover of the heavy civil vehicle and fire engine manufacturer from £56.31m to £56.31m.

commercial vehicles last year against 2,846 and the transport strike and a poor winter probably trimmed output by some 300 units. Record vehicle sales in March led to pull back some of the lost manufacturing and R.F. must now be working very close to maximum capacity at 15 vehicles a day, possibly peaking at 12 occasionally, which suggests at least 4,500 units sales on an annual basis.

Revenue rise at Globe Investment

Revenue of Globe Investment Trust came through higher at £10.43m for the year ended March 31, 1979 against £9.33m, after tax of £8.18m compared with £6.09m. Gross revenue was up from £18.44m to £19.97m.

John Carr (Doncaster) up midway

From turnover of £9.34m against £8.77m, profits before tax of John Carr (Doncaster), timber merchant and joinery maker, increased from £1.36m to £1.41m in the half year ended March 31, 1979.

Hargreaves finishes marginally ahead

AFTER HIGHER depreciation and interest charges, taxable profits of Hargreaves Group, finished the March 31, 1979, year marginally ahead at £3.47m against £3.42m.

John Carr (Doncaster) up midway

From turnover of £9.34m against £8.77m, profits before tax of John Carr (Doncaster), timber merchant and joinery maker, increased from £1.36m to £1.41m in the half year ended March 31, 1979.

Clark, Son and Morland downturn

Clark, Son and Morland, West Country sheepskin specialist, reports a pre-tax profit of £88,000, compared with £118m, for the year ended February, 1979.

Revenue rise at Globe Investment

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£122,551 net profits for J. H. Dennis

Following its change of year-end, James H. Dennis and Company, engineering group, reports net profits of £122,551 for the seven months period ended March 31, 1979, on turnover of £1,815,098.

Net assets value per share is given as 183p (155p), and 179p (151p) fully diluted.

£93,475 for Attwood Garages

Attwood Garages turned in taxable profits of £93,475 in the year to January 31, 1979, compared with £69,358 last time. Turnover stood at £5.04m, against £4.9m.

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Today's company's meetings

Brixton Estate, 22-24, Ely Place, 12.15. City of Oxford Investment Trust, 41 Bishopsgate, EC, 11.30. Hawker Siddeley, Dorchester Hotel, W, 12. Holywell Road, 11.30. Idrac Hydraulic Tin, 65 London Wall, EC, 2.30. Edward Le Bas, 49 Globe Place, Chelsea, SW, 12.

Resilience of family businesses

At the Annual General Meeting of Estate Investment Trust Limited on 19 June, Chairman Lord Seeborn said: "I am constantly impressed by the resilience and high quality of the family companies in which we are invited to buy shares."

Resolutions were passed increasing the net dividend for the year 2.1p per 25p share (compared with 2.0p last year before a 1-for-10 capitalisation issue) and approving a further 1-for-10 capitalisation issue in the current year.

Net Revenue before Taxation rose from £2,257,000 to £2,553,000 the year to 31 March 1979. Lord Seeborn's published statement included the following points:

- \* New investments in the past year totalled the record sum of £3,294,000.
\* Investments in four companies were made by share exchange, which involved the issue of new EDITH shares valued at £1,642,000.
\* The bulk of our investment continues to be in the form of special issues of convertible preferred ordinary shares in private companies, in which there are no market dealings as they are not freely transferable.
\* So long as we choose our investments carefully and do not diverge from our principles as non-interfering, long-term minority shareholders in unlisted companies, there will continue to be a place for EDITH on the British financial scene.

DEACON GROUP

The Deacon Group of Companies points out that it is in no way connected with Deacon, Davies and Fox mentioned in yesterday's list of companies wound up.

Today's company's meetings

Brixton Estate, 22-24, Ely Place, 12.15. City of Oxford Investment Trust, 41 Bishopsgate, EC, 11.30. Hawker Siddeley, Dorchester Hotel, W, 12. Holywell Road, 11.30. Idrac Hydraulic Tin, 65 London Wall, EC, 2.30. Edward Le Bas, 49 Globe Place, Chelsea, SW, 12.

Lex Vehicle Leasing

Lex Vehicle Leasing is backed by the full resources of the nationwide Lex Service Group. Using our special Vehicle Locator Service, we are in a position to quickly source any make or model our customers demand. Lex leasing has special arrangements with the major motor manufacturers and purchases competitively from them all.

You name it, Lex lease it.

Lex Vehicle Leasing is backed by the full resources of the nationwide Lex Service Group. Using our special Vehicle Locator Service, we are in a position to quickly source any make or model our customers demand. Lex leasing has special arrangements with the major motor manufacturers and purchases competitively from them all.

Flexibility. Lex Leasing specialises in advising their customers about the most economical method of running company cars. In some cases customers choose to lease only part of their fleet. In every case Lex is pleased to offer the option of leasing some vehicles enabling customers to compare Lex against current fleet arrangements.

Please complete the coupon below and post today or for immediate attention, phone Mike Davies at Lex on 062 85 24942.

Form with fields: Name, Company, Address, Tel no. Includes a coupon for requesting a brochure.

EDITH ESTATE DUTIES INVESTMENT TRUST LIMITED. Copy of the Report and Accounts and further information are available from the Secretary. 97 Watling Road, London SE1 8XP. Telephone: 01-228 7822.

Lex Vehicle Leasing. A member of the Lex Service Group. REGIONAL OFFICES IN LONDON, BIRMINGHAM AND MANCHESTER.



# TRUSTHOUSE FORTE LIMITED

Interim Statement for the half year ended 30th April 1979

	Half Year to 30th April 1979	% Increase	Half Year to 30th April 1978	Year to 31st October 1978
<b>Trading Receipts</b>	<b>321.9</b>	<b>19%</b>	<b>270.1</b>	<b>613.8</b>
<b>Trading Profit</b>	<b>26.1</b>	<b>32%</b>	<b>19.8</b>	<b>70.1</b>
Financial charges	(6.9)		(7.4)	(14.6)
<b>Profit before Taxation</b>	<b>19.2</b>	<b>55%</b>	<b>12.4</b>	<b>55.5</b>
Taxation (estimated)	(7.7)		(5.3)	(22.3)
<b>Profit after Taxation</b>	<b>11.5</b>		<b>7.1</b>	<b>33.2</b>
Minority interest	(0.3)		(0.2)	(1.5)
<b>Profit (after taxation and minority interest)</b>	<b>11.2</b>	<b>62%</b>	<b>6.9</b>	<b>31.7</b>

Accounting policies are as stated in the last annual accounts. The above profits are after charging depreciation of £8.1m (1978 £5.9m) and are before adjusting for currency translation differences. The above figures are unaudited and include the half year's results for Colony Foods Inc., acquired in June, 1978. The 1978 results include the half year results of the Australasian hotel interests disposed of in May, 1978.

The greater part of the year's profit is produced in the second half of the financial year. The good start reported above is most encouraging and we again anticipate a successful outcome to the full year's trading. The interim dividend has been increased to 2p per share (1978 adjusted for 1 for 1 scrip issue—1.425p) in respect of the year to 31st October, 1979 and this will be paid on 1st October, 1979 to shareholders on the register on 3rd September, 1979.

For reservations at over 800 hotels worldwide contact your travel agent, or telephone the hotel direct, or use our worldwide reservations system by telephoning any of these numbers:

Belfast (0232) 46711	Glasgow (041)-221 6164
Birmingham (021)-236 3951	Leeds (0532) 31287
Cardiff (0222) 371889	Liverpool (051)-236 0841
Durham (0385) 62561	London (01)-567 3444
Edinburgh (031)-226 4346	Manchester (061)-969 6111

There are also reservations offices in Amsterdam, Brussels, Chicago, Dublin, Frankfurt, Los Angeles, Madrid, Milan, New York, Paris, Stockholm, Tokyo, Toronto and Washington.



## JERSEY GENERAL INVESTMENT TRUST LIMITED

Directors  
**MAURICE LETTO, F.C.I.S. (Chairman)**  
**Advocate L. C. INGRAM (Vice Chairman)**  
**SIR GILES GUTHRIE, Bart., O.B.E., D.S.C.**  
**The Rt. Hon. THE EARL OF JERSEY**  
**P. MALET DE CARTERET**  
**R. G. MALTWOOD**  
**DR. I. H. THURSTON, Ph.D.**

Financial Highlights for the year ended April 30th, 1979

	1979	1978
Earnings per Ordinary share	15.97p	14.42p
Dividend per Ordinary share	14.50p	13.00p
Total Net Assets	£20,023,356	£18,833,301
Net Asset Value per Ordinary share	337p	316.50p

### Extracts from the Chairman's Statement

The year under review has been one of wide variance in the international economic outlook, coupled with considerable volatility in foreign exchange rates. Nevertheless, it is gratifying that we can once again present accounts which show a continuance of the steady growth of income and capital which is the objective of the Trust.

For the first time in the Company's history the total net assets at the year end exceeded twenty million pounds.

The world economic prospect remains in a fluid and uncertain state. Inflation and unemployment remain apparently intractable problems in a number of countries. Crude oil prices continue to escalate and the business cycle appears to be moving towards a recessionary phase. The revision of many forecasts and indicators is now more frequently downward than optimistic. Interest rates have risen to new high levels, particularly in North America and, whilst they may not yet have reached a peak, there will need to be some reduction before industry can be revitalised by the introduction of more modern techniques and machinery leading to a growth in productivity.

It is particularly in difficult times such as these that the benefits of a well-managed international portfolio of securities, as can be seen in our distribution of investments, can provide the private investor with the security and steady growth pattern which he seeks.

Copies of the Report and Accounts are available from the Secretary of the Company, 21 Broad Street, Jersey, C.I.

## The Nineteen Twenty-Eight Investment Trust Limited

Directors:  
**The Rt. Hon. Viscount Bearsted, T.D., D.L. (Chairman)**  
**Bryan R. Basset (Deputy Chairman) Douglas S. Allison Christopher A. Keeley, F.C.A. Sir John King**  
**John S. K. Oram Alastair F. Roger Anthony P. Simonian Brian A. C. Whitmee, F.C.A.**

	Year ended 31.3.79	%	Five years ended 31.3.79	%
<b>Performance statistics</b>				
Net asset value	+18		+73	
Middle market price (Stock Exchange Daily Official List)	+23		+99	
Rate of dividends (net)	+14		+99	
Retail Price Index	+10		+105	

### Distribution of investments at 31st March 1979

<b>Equities and convertibles</b>	
U.K.	65.2%
Overseas	29%
<b>Fixed income</b>	5.1%

Copies of the Report and Accounts can be obtained from Philip Hill (Management) Limited, 8 Waterloo Place, London SW1Y 4AY.



## BIDS AND DEALS

# Opposition to Hawthorn Leslie acquisition plans

Davis Investments, a Jersey based investment company, has written to shareholders of R and W Hawthorn Leslie urging them to reject the company's acquisition plans.

Earlier this month Hawthorn Leslie revealed that it had agreed to buy two engineering companies, Jedmond Engineers and Flash Fasteners for a maximum of £854,076. At the same time the group announced that compensation for its nationalised marine engineering interests totalling £1.48m had been agreed with the Government.

New Davis Investments, which is run by Mr. Tom Scrase, a stockbroker, and which holds some 3 per cent of Hawthorn Leslie has urged shareholders to reject the proposals at an EGM this Friday.

Mr. Scrase accepts the Board's argument against voluntary liquidation but suggests that the next best course would be to find a bidder interested in Hawthorn Leslie as a "cash shell". Mr. Scrase believes the company's net assets are worth about £1 a share though in view of pending litigation and its loss

making subsidiary he reckons a bidder would only be prepared to pay about 85p. Major shareholders of Hawthorn Leslie include M and G and Prudential Assurance. It is understood that M and G intend to vote with the Board but Prudential, which holds about 6 per cent, has said it will wait until it has heard the arguments of both sides.

**WALTER LAWRENCE**  
 Walter Lawrence, construction and engineering group, has formed Walter Lawrence Homes, to expand its activities in the private housing field.

**MACANIE**  
 The Cardiff premises of a subsidiary of Macanie (London), the clothing manufacturer, have been acquired—through compulsory purchase—by the local authority.

The subsidiary, Wilkinson Riddell and Larkins, has moved into nearby rented accommodation. The vacated premises have been sold for £235,000 cash, against a book value of £42,000.

The capital raised will be used to provide additional working capital to support the general wholesaling activities of the Wilkinson Riddell Group.

**SOILBOURNE**  
 Soilbourne's offer to acquire Collect, Dickenson Pearce International has been accepted in respect of a total of 3,140,130 new ordinary shares (9,490) and 3,140,130 deferred shares (94 per cent). The offers will remain open for acceptance until further notice.

**SIME DARBY/UMI**  
 United Malayian Insurance Company Berhad has become a subsidiary of Sime Darby Malaysia Berhad following the issue of 4m new shares by UMI under its scheme of reconstruction. Of the total, 3.8m shares have been issued to the wholly-owned subsidiary of Sime Darby Holdings. The remaining 199,313 shares have been issued to other UMI shareholders. Sime had earlier acquired 1m shares in UMI.

## UK COMPANY NEWS

# Advance by Private Patients

A SUCCESSFUL year in 1978 for Private Patients Plan is reported by Mr. J. F. Phillips in his chairman's statement. Despite the anxiety and concern over the problems of the National Health Service, the company, the second largest medical insurance agency in the UK, recorded a growing number of subscribers, a record subscription income, benefit payments and operating surplus.

The total number of members at the end of 1978 stood at just over 230,000, against 206,000 at the beginning of the year. Mr. Phillips reports that the overall private health care market had grown in 1978 and PPP's growth was even better with its market share rising from 19.4 per cent to 12.7 per cent.

Subscription income last year rose nearly 20 per cent from £19.9m to £23.8m and investment income by 29 per cent from £1.1m to £1.4m. Benefit payments were nearly 13 per cent higher at £15m—83 per cent of subscriptions. After a higher tax charge of £684,000, the excess of income over expenditure was £7.1m, compared with £2.9m in 1977. Mr. Phillips points out that the company has always regarded the private sector of medicine in complement the services of the NHS and he was pleased to see some abatement in the political hostility towards private medicine.

During 1978 the Health Services Board had recommended the closure of a further 269 NHS pay beds. But this had been partially offset by the provision of 228 new private surgical beds. The company's policy now was to expand substantially its scale of financial assistance to the building or extension of private hospitals by making loans at nominal rates of interest.

### Downturn at Baraora Tea

Turnover down from £1.63m to £1.53m and pre-tax profits cut from £837,573 to £427,923 are reported by Baraora Tea Holdings for 1978.

Stated earnings per 25p share are more than halved from 46.4p to 22.1p. An interim dividend of 10p is declared but no further payment for the year is intended—the previous total of 20p included a 10p final. The directors say clearance

has been obtained from the Inland Revenue for the repayment to shareholders of funds held in the UK which are substantially in excess of the company's operating requirements for the foreseeable future.

Resolutions will therefore be made at the AGM for the repayment of the whole of the preference shares at par and the repayment of 20p per ordinary share.

### J. T. Parrish makes strong recovery

After more than doubled mid-way profits of £76,000, against £37,300, J. T. Parrish reports pre-tax surplus for the year ended January 27, 1979, sharply increased from a depressed £51,770 to a record £199,450. Turnover improved by some 20.5m to £3.9m.

After tax of £100,733 (£24,342) net profits for the year were well ahead from £27,428 to £98,717. From earnings per 25p share of 13.71p (3.81p), the dividend is raised from 3.85p to 4.40p net.

### Tarmac first half 'will not be good'

Tarmac's interim results will not be good and may not even reach last year's figure of £6.3m, Mr. Edwin Wright, chairman, told shareholders at yesterday's annual meeting.

The comment is gloomier than a similar statement in the annual report and, after the meeting, Mr. Wright said that when the report was prepared in April the company had just been through one of the worst winters for 15 years.

"Bad winters in the past in the UK have not usually presaged a bad overall performance for the group," he added in the annual report. "What made his annual address slightly more pessimistic was the very wet May."

"Today is the second full day of sunshine this summer. The ground is still wet from the rain in May and it has delayed our recovery from the bleak winter."

he said. The group still hopes for a full-year result at least in line with last year's £26.5m. Mr. Wright did not elaborate on the departure of his predecessor, Mr. Robin Martin, from the Board on April 24—just three weeks after Mr. Martin had decided to relinquish his position as chief executive.

Mr. Martin's departure was one of a series of changes at Board level during the year. Mr. Gerard Paris, a former finance director, left and was replaced by Mr. Graeme Odgers from General Electric. Mr. Tony Sumner joined the Board as planning director during the year.

No shareholders questioned the chairman yesterday on the moves or on the group's performance for the year. The firm's business took less than 30 minutes to complete.

### High level of business at EDITH so far

Business at Estate Duties Investment Trust (EDITH) has continued at a high level in the first quarter of the current year. Lord Seebom, chairman, told shareholders at the annual meeting.

The company had so far invested in another 12 companies, while a total of 59,784 EDITH shares had been exchanged for shares in unlisted companies.

Commenting on the Government's current review of capital gains tax and capital transfer tax, Lord Seebom said there would no doubt be a period of uncertainty "which would hold up to some extent the decisions of those who need to sell shares in private companies." EDITH gets much of its business from individuals threatened by large capital tax liabilities.

However, Lord Seebom did not feel any reduction in the level of capital tax would have a very dramatic effect on EDITH's business. Investments made by share exchange provided a useful additional service. But at the end of March, investments made this way only accounted for about 10 per cent of the company's listed portfolio by cost and only about three per cent of its own market capitalisation.

### Public Works Loan Board rates

Years	Effective from June 9			Non-quota loans A* repaid at		
	by EIP†	at maturity‡	at maturity‡	by EIP†	at maturity‡	at maturity‡
Up to 5	11½	11½	11½	12½	12½	12½
Over 5, up to 10	11½	11½	12½	12½	12½	12½
Over 10, up to 15	12½	12½	12½	12½	12½	12½
Over 15, up to 25	12½	12½	12½	12½	12½	12½
Over 25	12½	12½	12½	13	13	13

\* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

## Notice of Meeting

Notice is hereby given that an Extraordinary General Meeting of Members of The National Bank of Australasia Limited will be held at the registered office of the Company, 31 Queen Street, Melbourne, on Thursday, July 12, 1979, at 2.30p.m.

**Special Business:**  
 The Meeting will be asked to consider and, if thought fit, to pass a special resolution altering the Articles of Association.  
 Following changes made from time to time to the listing requirements of the Australian Associated Stock Exchanges, it was considered appropriate to review the Bank's Articles of Association and to seek amendment to those Articles which do not conform with existing Stock Exchange regulations.  
 Directors will also seek adoption at the Meeting of two additional Articles designed to formalise arrangements for retirement from the Board (Article 75) and to simplify the maintenance of the Share Register (Article 33A). The Members of the Company have been notified of the detailed changes proposed in the Notice of Meeting.

By Order of the Board  
 L. L. Rex, Secretary  
 May 10, 1979.

**Proxies**  
 A Member or other person entitled to vote may appoint not more than two proxies to attend and vote instead of him. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Member's voting rights. A proxy need not be a Member of the Company.

**The National Bank of Australasia Limited**  
 (Incorporated in the Commonwealth of Australia)

## THE BROCKS GROUP

Points from the circulated statement of the Chairman, Mr. C. M. Bank.

Pre-tax profits have increased by £320,402 to £1,013,650 and earnings per share are up from 4.17p to 11.54p. The final dividend of 2.261p net per share is the maximum permitted. A scrip issue of 1 for 5 has been approved.

Both profits and turnover of the Marine Division showed an increase over the previous year and the order book for this year is satisfactorily ahead. I am confident that this division will make further progress this year.

The new and exciting acquisition of the Micro-Ceuit Division will have a significant impact on the future of the Group.

The Authorised Share Capital of the Company is to be increased from £1,300,000 to £2,000,000 as we intend to expand the business of Brocks by further acquisitions.

The Group is in a good position to take advantage of growth in the electronics industry.

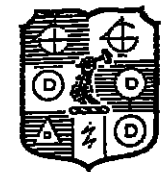
THE BROCKS GROUP OF COMPANIES LTD · POOLE · DORSET · TEL: 01204 4541



### Highlights for the year to 31st March, 1979

Turnover	£8,705,919	an increase of 53.5%
Profit before Tax	£1,212,115	an increase of 101.4%
Total Dividend	£224,658	an increase of 101.7%
Earnings per share	21.27p	an increase equivalent to 71.53%

Copies of the Annual accounts may be obtained from:  
 The Secretary, Milbury Limited  
 178 Old Wellington Road, Eccles, Manchester M30 9QJ



## DERITEND

### GROUP ACTIVITIES

Manufacturers of hot drop forgings and pressings in ferrous and non-ferrous metals, investment castings and special purpose machines. Electrical installation and repairs and electrical surface heating.

### RESULTS

Year ending 28th February	1979	1978
Sales	30,911	27,235
Profit before Taxation	1,263	1,748
Profit after Taxation	1,340	1,281
Ord. Dividends per share (Actual)	11.02p	9.97p
Earnings per share	38.1p	38.7p

MR. D. J. MEAD, CHAIRMAN, REPORTS  
 Sales of £30,911,000 for the year were up on the previous year, but pre-tax profits were reduced.

Sales from our Forging Division fell during the period due to a lack of demand, resulting in a very poor year. However, the outlook has improved.

Castings Division now forms a major part of the Group's activities and the year's results were very encouraging. It was generally a disappointing year for the Manufacturing Division, but the Electrical Division traded successfully with satisfactory increases in turnover and profits.

Prospects for next year are reasonable and we are hopeful of profits returning to their former level, somewhat in line with 1977/78 figures.

Copies of the full Statement and Accounts can be obtained from the Secretary.

THE DERITEND STAMPING COMPANY LTD.  
 St. Richard's House, Victoria Square, Droitwich, Worcestershire WR9 8DS.

## BODYCOTE INTERNATIONAL LIMITED

### 1978 REPORT AND ACCOUNTS HIGHLIGHTS

	1978	1977
Turnover	£29,864,980	£25,702,797
Profit before tax	£2,063,453	£2,039,591
Profit after tax	£1,434,437	£1,431,910
Earnings per share	20.70p	18.44p
Dividends per share	3.0323p	2.7155p

Mr. J. C. Dwek, Chairman and Managing Director, reports

1. After a fairly difficult start 1978 must be regarded as one of definite achievement with the ground laid for future growth and more positive development.

2. The acquisition of Blandburgh Ltd., a heat treatment engineering company, in April, 1979, initiated a policy of diversification and the construction of a more broadly based industrial group.

3. The industrial and general textiles division, which performed well but the industrial protective clothing and safety products division remains a keystone of the group's corporate strategy. The product range, particularly in the area of specialised technical hazard clothing, has been extensively enlarged.

4. The new £750,000 continuous process plant for William Denby (textile processing division) will be on-stream by the end of June.

5. Despite the national industrial disruption and abnormal weather early in the year we are quite confident that 1979 will be a good year for us.

Copies of the Report and Accounts may be obtained from the Secretary, Bodycote International Limited, 104, Stamford Street, Manchester M16 9LR.



CURRENCIES, MONEY and GOLD

Pound strong

ING rose sharply in late afternoon on news that Britain's deficit narrowed to £185m from £227m in April. A rise of up to 15p had been expected. The pound opened at 2.1010, and fell to 2.0980, before the weak- of the dollar, and later d on the trade figures, sterling to its highest of the day at the close. The strongest level since 7, 1975, and a rise of 10 p on the day. It con- to rise after hours in New York, touching 2.1280-2.1290 after the London close. The pound's trade-weighted average, as calculated by the Bank of England, eased to 66.2 from 66.1.

dollar's index fell to 86.0 from 86.1. FRANKFURT—The dollar was fixed at DM 1.8740 against the D-mark, the lowest level since March 20, compared with DM 1.8881 on Monday. The Bundesbank did not intervene as the U.S. currency fell from a high point of DM 1.8888 in early trading. The recent decline of the dollar reflects an impression in the U.S. of an emerging recession in the U.S. may not be temper- ing inflation, as much as expected, while the D-mark remains firm on suspicions that a realignment of the European Monetary System is likely in the near future. BRUSSELS—The Belgian National Bank was estimated to have sold about DM 45m as the German currency rose to Bfr 16.0590 per D-mark at yesterday's fixing, from Bfr 16.0562 at the close on Monday, and compared with a ceiling of Bfr 16.0540. At the same time the Belgian franc was fixed at Bfr 30.115 against the dollar, compared with Bfr 30.215 previously. MILAN—The lira improved against the dollar, but lost ground against the D-mark and other EMS currencies. The U.S. unit was fixed at L.944.10, compared with L.946.70 previously, while the D-mark rose to L.950.12 from L.945.58, and the Danish crown to D.166.00 from D.156.40. Sterling fell to L.177.80 from L.178.25. Trading was normal with the Bank of Italy selling \$8.8m of the \$10.4m traded officially.



fter standing at 68.1 at 10.00 in early trading, the dollar lost ground against major currencies on fears of U.S. inflation, and lower time rates. A turnaround sentiment surrounding the in recent days pushed it to a DM 1.8675 against the D-mark, and to a Swiss franc of 1.7085 from 1.7035. On the London market, the pound's trade-weighted average, as calculated by the Bank of England, figures, the

EMS EUROPEAN CURRENCY UNIT RATES table with columns for currency, unit, and rate.

CURRENCY CROSS RATES table with columns for currency, unit, and rate.

CURRENCY INTEREST RATES table with columns for currency, rate, and term.

INTERNATIONAL MONEY MARKET U.S. rates steady

and for bills continued in yesterday, with Treasury noted at 8.93 per cent changed from Monday's 8.92 per cent. Fed funds adding at 10.10 per cent, much the same as on Monday. The Chemical Bank of New York fell into line with a y of other major banks by lowering its prime 11 1/2 per cent from 11 3/4 per cent. Through dealers were up- head of various economic yers later this week, as to ure short-term trend of te.

was quoted at 5.55-5.70 per cent against 5.50-5.75 per cent while the three-month rate eased to 6.30-6.40 per cent from 6.30-6.50 per cent. Six-month money was firmer at 4.70-6.80 per cent against 6.50-6.80 per cent with the 17-month rate also higher at 7.10-7.20 per cent compared with 7.00-7.10 per cent previously. PARIS—Call money remained at 7 1/2 per cent yesterday with one and three-month also un- changed at 8 1/2 per cent and 9 1/2 per cent respectively. The six- month rate was stable at 8 1/2-8 3/4 per cent and 12-month money was quoted at 9 1/2 per cent. BRUSSELS: Deposit rates for the Belgian franc (commercial) were quoted at 9 1/2-9 3/4 per cent

MONEY MARKET Full credit supply

of England Minimum ing Rate 14 per cent since June 12, 1979) to day credit was in good in the London money yesterday and the ties sold a small amount asury bills all direct to count houses to mop up plus.

The market was helped by a small excess of Government disbursements over revenue transfers to the Exchequer and a small net amount of Treasury bills maturing outside official hands. Also banks brought forward balances some way above target. On the other hand there was a small increase in the note circulation and a net moderate amount of local authority bills maturing in official hands.

MONY MARKET table with columns for currency, rate, and term.

THE POUND SPOT AND FORWARD

Table with columns: Day's spread, Close, One month, Three months, Six months.

THE DOLLAR SPOT AND FORWARD

Table with columns: Day's spread, Close, One month, Three months, Six months.

CURRENCY RATES

Table with columns: Bank, Special Drawing, European, Currency, Rate.

CURRENCY MOVEMENTS

Table with columns: Currency, Rate, Change.

OTHER MARKETS

Table with columns: Currency, Rate, Change.

All these securities having been sold, this announcement appears as a matter of record only. May, 1979

NIPPON SHINPAN CO., LTD.

(Nippon Shinpan Kabushiki Kaisha) 8,000,000 Shares of Common Stock (par value ¥50 per share) evidenced by European Depositary Receipts

- List of financial institutions including Daiwa Europe N.V., Berliner Handels- und Frankfurter Bank, Sanwa Bank, N. M. Rothschild & Sons Limited, Credit Suisse First Boston Limited, etc.

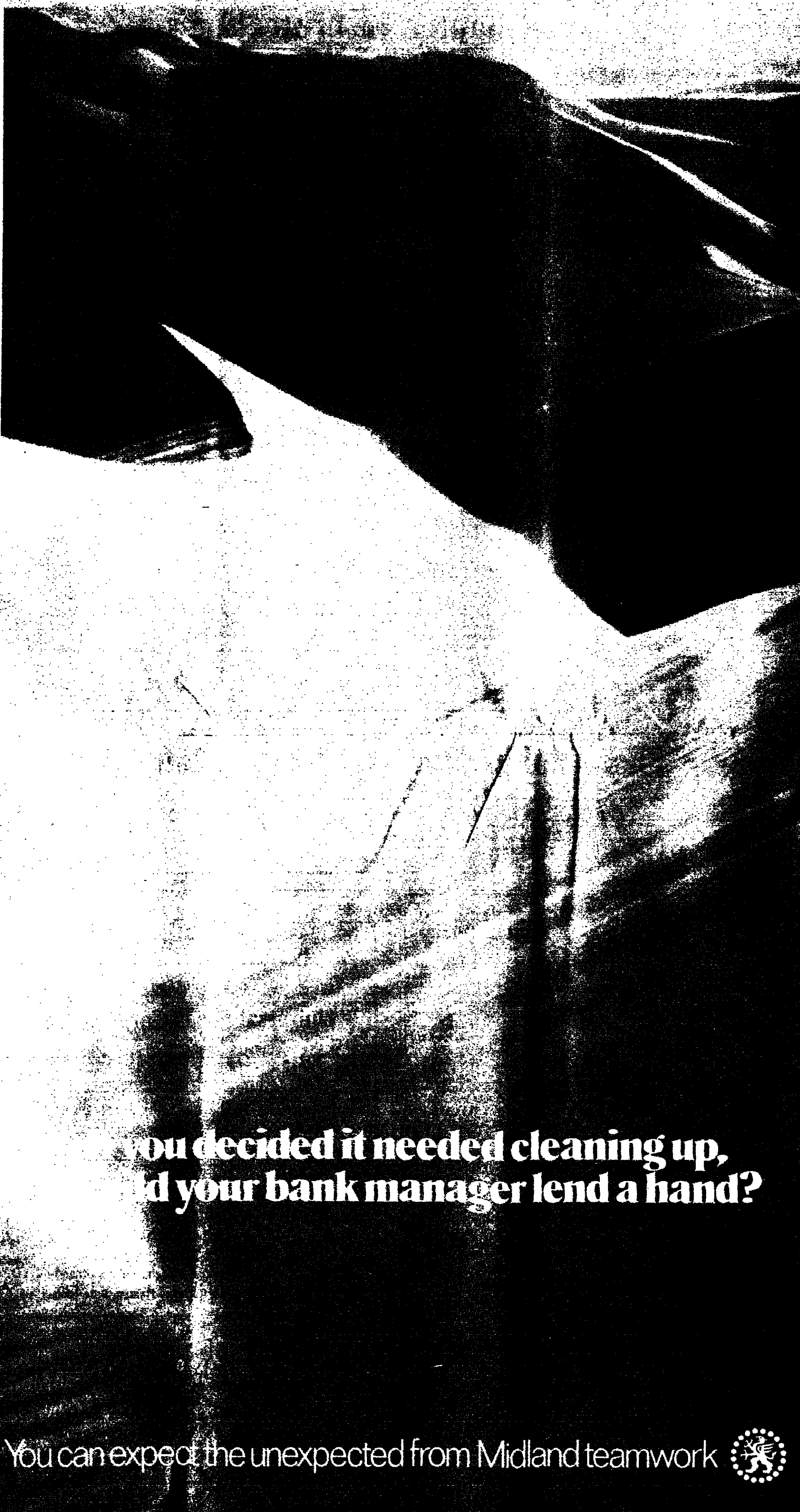
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EUROBONDS

Advertisement for Universal Foods Corporation: \$10,800,000 Private placement of 600,000 newly-issued shares of Common Stock. Includes dates for July, August, September, October, November, December.

Advertisement for Martin J. Haims: We are pleased to announce that Martin J. Haims is now associated with us as International Managing Director Institutional Trading Department. Contact: 01-248 8000 Ext. 424 or 389





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Because, as a matter of fact, somebody did come to us with exactly that idea. And we listened. And we discovered that they designed a sand reclamation plant, which actually did clean sand, extracting all extraneous matter and minerals and so making it of uniform quality; after which it could be used to produce moulds for foundry castings. The plant was also used to recycle sand which had been previously used for such mouldings.

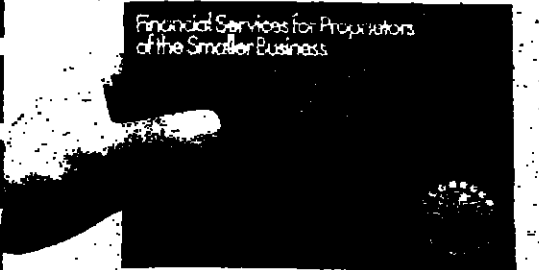
Your Midland Bank manager can give you help, whatever you're exporting, however unusual. Because he has at his disposal a highly skilled team of specialists who can, between them, help with business problems.

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**Midland Bank**

Midland Bank Limited

میتلاند بینک



THE AMERICAN NEWS

Sharp first quarter rise in General Instrument

NEW YORK—Sharply higher quarterly results are reported by General Instrument Corporation. Net earnings rose by 50 per cent from \$1.1 million to \$1.65 million...

cents from the current 15 cents quarterly were "logical". Revenue growth should stay around the 15 per cent level throughout this fiscal year...

Surprise repurchase of stock by Lone Star

By Stewart Fleming in New York LONE STAR INDUSTRIES, the largest cement producer in the U.S., has announced plans to purchase 1m of its 11.3m shares at a price of \$25.50 each.

Liberty Loan may seek Chapter 11 protection

BY OUR FINANCIAL STAFF LIBERTY LOAN Corporation, the consumer finance group, may seek protection under Chapter 11 of the Federal Bankruptcy Act because eight major lenders are balking at a plan to refinance \$182m of debt.

with the demurring lenders, Bank of St. Louis, First National Bank of St. Louis, National Bank of Detroit, First National Bank Trust, Oklahoma City, First National Bank of Louisville, Mid-City National Bank, Chicago, The Equitable Life Assurance Society and New England Mutual Life Assurance.

subordinated and capital 12 year notes of \$25.6m bearing interest of 7 1/2 per cent for the first five years increasing to 9 per cent for the balance of the term.

Lana Knit Ireland reduces workforce

NEW YORK—Lana Knit (Ireland), the wholly owned Irish subsidiary of Jonathan Logan, was substantially reducing its workforce. Mr. Richard J. Schwartz, chairman and president of Jonathan Logan, said...

Amdahl sees rise in shipment

EVANSTON — Amdahl's second quarter shipment will be 15 per cent below expectations, but the company is leaning toward the view that shipments will be the first quarter's, the company said.

cause customers are still deciding whether to purchase or lease computer systems. He expects the current increase in leases over sales to be around for some time to come.

Gulf Oil forecasts improvement

NEW YORK—Gulf Oil Corporation, citing improved profits from its gasoline refining and marketing operations, said that 1979 is likely to be its best year since 1974.

French bank sells U.S. unit

SAN JOSE — Bancwest Corporation, parent of Bank of the West, said that it had received a letter of intent for Bancwest to be acquired by the California unit of Banque Nationale de Paris for about \$48 a share or \$82.1m.

13.6m barrels on June 1. The company hopes to increase stocks of distillate to 13m barrels by September, from 8.7m on June 1.

reels of oil and 1m cubic feet per day of gas. Gulf envisages a \$400m to \$500m effort which will increase total refining capacity by 80,000 barrels a day, or some 9 per cent over the next several years.

French bank sells U.S. unit

SAN JOSE — Bancwest Corporation, parent of Bank of the West, said that it had received a letter of intent for Bancwest to be acquired by the California unit of Banque Nationale de Paris for about \$48 a share or \$82.1m.

Xonics arranges financing terms

PLAINFIELD — Xonics has set the terms of its major financing plan. As known, the company is to be used to pay its debtors, to restructure with Litton Industries working capital.

Xonics resulting common shares outstanding, Xonics said. Four institutional lenders received \$2.2m and a total of 200,000 shares of common stock and 5,000 shares of participating preferred stock to satisfy debts which amounted to about \$13m.

AT & T ahead

American Telephone and Telegraph has turned in quarterly net earnings of \$1.4bn or \$2.01 a share, compared with \$1.26bn or \$1.90 a share for the corresponding period last year.

International Mogul optimism

TORONTO—Mr J C Lamcraft president of International Mogul Mines said the company expects 1979 earnings to equal or exceed last year's operating earnings of \$3.2m or \$1.41 a share.

we favour corporate acquisitions which fit best with our tax position, we are also reviewing possible asset acquisitions. Mogul has budgeted \$1m to establish an oil and gas exploration programme and this amount will be expanded as the company's cash flow from operations increases with probable participation from other companies in the Conquest group.

in reply to a shareholder's question, Mr Lamcraft said the company "feels at the present time that shareholders are best served by the retention of funds," but the company's ultimate objective is to pay dividends and "it is reasonable to assume that if we get a cash flow of \$4m to \$5m we would consider paying a dividend."

Maremont-Aluisse

Maremont-Aluisse, parent of Aluisse Aluminium, has announced the acquisition of Aluisse Aluminium, a Swiss company. The acquisition will be made by a tender offer at \$42 a share in cash.

INTERNATIONAL BOND SERVICE

List shows the 200 latest international bond issues for which an adequate secondary market for further details of these or other bonds see the complete list of Eurobond prices published each Monday of each month.

Table with columns: Issued, Bid, Offer, Change on day, Yield. Lists various international bonds like Avco Fin, Ex. Dev, Hudson Bay, etc.

Levi Strauss gain

Sharply higher half-year results are reported by Levi Strauss, the clothes group. Net earnings rose from a corresponding \$63.34m or \$2.87 a share to \$82.56m or \$3.91 a share on sales up from \$752.3m to \$892.2m.

Three dollar Eurobond issues launched

Three new dollar issues were launched yesterday: two in the form of straight issues for U.S. corporate names, Warner Lambert and Carter Hawley Hale. The third a floating rate note for the Royal Bank of Scotland.

with a minimum coupon of 5 1/2. This is the second FRN bond issue for this borrower. The first was arranged in 1976. The secondary market in FRNs was firm yesterday. Turnover was described by dealers as good, though less important than last Monday.

Investors are displaying a certain wariness when faced with yet another Swiss franc-denominated convertible for a Japanese corporate name. Many of the Japanese companies which have raised convertibles in this sector of the market are not well known outside Japan.

Such is not the case of the 12 Japanese borrowers who have received permission from the Ministry of Finance in Tokyo to arrange dollar-denominated issues in the quarter to the end of September.

UNIBOND TRUST NOTICE IS HEREBY GIVEN that the income distribution (including equalisation where applicable) for the period 24th April 1978 to 1st May 1979 totalled US\$8.08 GROSS per share.

SAYED HASHIM BEHBEHANI'S SONS CO. (Hussain Sayed Hashim Behbehani and Brothers) KD 3,000,000 Multi Currency Floating Rate Loan. Managed by: Kuwait International Finance Co. S.A.K. "KIFCO".



Companies and Markets **INTNTL. COMPANIES and FINANCE**

**EUROPEAN CHEMICALS**

**Bayer and Montedison increase sales**

BY OUR FINANCIAL STAFF

SHARP INCREASES in sales are reported by two of Europe's major chemical companies—Bayer of West Germany and Montedison of Italy—for the opening months of this year. Over the first five months of 1979, sales at Bayer AG are running some 14 per cent ahead of the comparable 1978 period, while at Montedison sales growth over the opening four months is 24 per cent for the group as a whole.

As a direct result of the improved demand, Herr Herbert Gruenewald, Bayer's managing board chairman, told yesterday's annual meeting that higher profits could be expected for 1979. He added that if all goes well shareholders would "receive an appropriate dividend this year."

The chairman based his predictions on the favourable economic climate in Germany and Europe, as well as continuing growth in the U.S. Both turnover and capacity usage had this year increased sharply. Foreign sales during the five months had risen by 19 per cent with the parent company's domestic turnover ahead by 7 per cent. Over the period, Bayer's worldwide sales had improved by 13 per cent in DM equivalent, Herr Gruenewald declared.

At Montedison, Italy's largest chemical group, consolidated sales during the four months were outpaced by the parent company performance where turnover improved by a full 30 per cent to L1,260bn (\$1,5bn). A crucial problem facing

Bayer this year was the extent to which price increases, ranging from naphtha to aromatics, can be passed on to customers. Bayer estimated that increased raw material prices would lift costs by DM 60m this year. On average selling prices last year dipped by 4 per cent. So far this year prices "have returned" to year-ago levels following higher petrochemical prices.

Touching on the subject of capital spending, Bayer explained that its world group fixed asset investment would total around DM 2bn (\$1,05bn) in 1979, a slight increase on last year's DM 1,78bn. However, the higher investment did not suggest that any "spectacular financial measures" could be expected from Bayer this year,

the company noted. It was pointed out that the issue in January of the \$200m option bond by Bayer International Finance NV has been successfully placed.

The company also pointed out that it planned to set its minority stakes in the two German tyre companies, Continental Gummi-Werke AG and Phoenix AG "when the offers present themselves." Bayer acquired just over 11 and 20 per cent respectively in Conti and Phoenix when the three shareholders of Corona Beteiligungs-Gesellschaft decided to dissolve the company. Bayer will transfer its remaining 25 per cent shareholding in Chemische Werke Huels AG to Vebsa AG at the turn of this year for a price of DM 450m.

**Dutch borrowers move shorter**

BY OUR FINANCIAL STAFF

THE TREND to shorter maturities in the Dutch capital market shows every sign of gathering pace as the cost of long term debt causes new borrowers to think twice about the length of their loan commitments.

Long term bond coupons have now moved up to within range of double figures following the government's recent decision to borrow over 15 years on a coupon of 9 per cent.

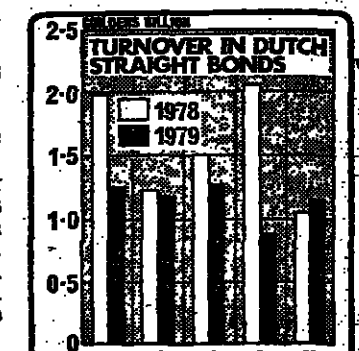
Against this background the corporate sector has had little option but to shorten up.

The latest new issue to opt for a maturity of seven years is the insurance company Ennia which is borrowing Fl 100m on a coupon of 9 1/4 per cent—a full quarter point less than that attached earlier this month to the AKZO seven year bond.

At the same time, the Ennia offering is priced at par whereas the AKZO loan has eased to 99 in early dealings compared with an issue price of 99 1/2. Name is the crucial ingredient here with the insurance company rated far less of a debt market risk than AKZO whose recent earnings performance has been marred with losses.

However, over the past week

the Amsterdam market has been hardening, in sympathy with the trend in West Germany where bond markets—after an almost unprecedented shake-out—have finally stabilised. Dutch dealing volume has also begun to improve.



During the first four months of this year turnover was running more than a third down on the comparable months of 1978. In May, the pattern suddenly reversed with a rise of 1/2 per cent, since when dealers in Amsterdam have continued to report increases in activity. In Frankfurt, bond markets

**Swiss fund assets hit by currency**

By John Wicks in Zurich

THE FOREIGN exchange strength of the Swiss franc depresses the asset valuation of the international investment fund, Intervall, during the year ended April. The fund reports assets of Sw Fr 49m (\$28.8m) compared with Sw Fr 55.3m a year earlier.

Total net revenue of Intervall, which is an affiliate of Swiss Bank Corporation, fell from Sw Fr 2.08m to Sw Fr 1.81m over the year with per share declining from Sw Fr 1.91 to Sw Fr 1.86 following a reduction in the number of certificates in circulation. Dividend is to be of a gross Sw Fr 1.50 per certificate.

At the same time, the American securities fund Americavalor, which is connected to the same bank, is to pay a gross Sw Fr 11.50 per certificate after a fall in per-share profits from Sw Fr 12.90 to Sw Fr 11.87 for the 12 months ended March 31. Holdings over the period increased from Sw Fr 24m to Sw Fr 25m.

Another Swiss Bank Credit Suisse, is to reduce from Sw Fr 4.80 to Sw Fr 4.50 the dividend per certificate for its European fund Europa-Valor in respect of the year ended April 30. While holdings rose by 22.5 per cent over the period to Sw Fr 43.5m, earnings were affected by exchange rate developments. For the same bank's Swiss share fund Schweizeraktien, however, dividend is being raised from Sw Fr 5 to Sw Fr 8.40 per certificate.

In 1978-79 this fund's holdings increased sharply from Sw Fr 148.5m to Sw Fr 187.2m.

**NN wins over Georgia Life**

BY CHARLES BATCHELOR IN AMSTERDAM

NATIONALE-NEDERLANDEN (NN), the largest Dutch insurance group, yesterday announced it had bought the Atlanta-based Life Insurance Company of Georgia had succeeded. Holders of 97 per cent of Georgia Life's capital have offered their shares.

NN last week signed loan agreements for \$120m and Fl 212m to finance part of its bid of \$80 per share. Its operations in the U.S. now comprise three life and two non-life insurance companies, apart from Georgia Life. Its total assets are nearly Fl 3.5bn (\$1,67bn) while revenue amounts to about Fl 1bn. This represents 15 per cent of total group revenue.

The Atlanta company's 1978 net profit was \$24m on total revenue of \$235m, comprising \$172m premium income and \$60m investment income. In the first quarter of the year ended March 31, net profits rose by 13 per cent

at the end of the first six months.

The fund attributed the growth to higher prices for energy stocks during the period. Rolinco said it continued to maintain a strong cash position in the third quarter in the light of uncertainties in the major economies in which it has investments.

At the end of the quarter, total net assets were Fl 2,243bn compared with Fl 2,225bn at the end of the second quarter. During the most recent period, Rolinco increased its investments in the U.S. to 35.5 per cent of the total from 32.5 per cent, decreased investments in West Germany to 6.4 per cent from 7.6 per cent, and decreased investments in Japan to 13.1 per cent from 13.9 per cent.

The proportion of investments in the Netherlands was little changed at 11.4 per cent compared with 11.5 per cent at the end of the second quarter.

Georgia Life has 134 service offices in 11 states in the southern U.S. It has a staff of 1,450 and about 2,750 agents. Its acquisition means that the contribution of international operations to the total revenue will rise to 40 per cent from 35 per cent.

The early stage of negotiations between the two companies was not smooth with the Atlanta company revealing last October that it had rejected a bid before it had been publicly announced that talks were under way. NN later denied that the talks had reached the stage of a formal bid. The price NN has paid for Georgia Life's shares is \$10 higher than the level originally considered.

Dutch investment fund Rolinco has emerged from the third quarter of 1979 with a near 5 per cent increase in net assets. During the three months, assets per share improved to Fl 130.5 from the Fl 125 seen

**Jordan forward exchange move**

By Rami G. Khouri in Amman

THE CENTRAL BANK of Jordan is drafting regulations to establish an organised foreign exchange forward market before the end of this year. The need for such a market has been sorely felt by international contractors and large Jordanian trading establishments, particularly since the Government started quoting all its contracts in Jordanian dinars early last year.

Contractors had covered themselves by borrowing dinars locally at the time of contract signing to hedge against any fluctuation in the dinar's value during the life of the contract, but this practice has been banned by the central bank because of the strain it places on the local credit market.

The central bank has allowed contractors to borrow dinars only to cover the local component of their contracts, but this still leaves large contracts without forward cover for most of the value of the contract.

The central bank regulations are primarily aimed at preventing speculative dealings and creation of artificial demand that would strain the Jordanian market. The regulations are expected to be finalised, and the forward market started, within the next few months, central bank officials said in Amman.

**Gruner & Jahr expands in U.S.**

By Guy Hawtin

GRUNER & JAHR, West Germany's largest publishing company, has further expanded its United States operations through the acquisition of Bemis company's subsidiary Brown Printing Company.

Already Gruner & Jahr's U.S. empire is substantial. The Hamburg-based group owns Bantam books and is publishing an English language version of its highly successful "Geo" geographical magazine there in direct competition with "The National Geographical Magazine".

Brown Printing operates out of Minnesota, Pennsylvania and Kentucky, in the offset and gravure printing fields. It employs some 1,800 workers and total sales in 1978 amounted to \$77m.

**Heuer-Leonidas in the red as turnover declines**

BY OUR ZURICH CORRESPONDENT

THE LEADING stopwatch manufacturer Heuer-Leonidas SA, of Bielle, booked a parent company loss of SwFr 1.25m (\$781,000) for last year following a small profit of SwFr 0.27m for 1977. Group turnover fell by some 20 per cent from SwFr 22.29m to SwFr 17.82m due mainly to unfavourable exchange rates and supply problems.

Heuer-Leonidas, which also produces chronometers and other precision timepieces, expects to return to a positive cashflow and net profit position again in 1979.

Among foreign subsidiaries, the UK company Heuer Time booked a per cent rise in turnover last year due largely to the introduction of the French watch collection "Michael Herbell". Heuer Time showed a profit for the year's operations.

Group cashflow went up from DM 81m to DM 83.7m in 1978 and consolidated net profit from DM 9.1m to DM 10m (\$5.29m) of this total. Parent company profits were up from DM 3.35m to DM 4.15m.

After its \$189m tender offer for Maremont Corporation of the U.S. has expired—the Maremont board agreed to the acquisition earlier this week—Alusuisse intends to have Maremont call all of its class "A" preferred shares at a call price of \$100 per share plus accrued dividends.

**Italian rail bond issue**

Ferrovie dello Stato, the Italian state railways, is raising L100 bn (\$118m) through a seven-year bond issue carrying a coupon of 12 per cent.

The borrowing is the first of several planned for 1979. A further issue for L200bn, also for seven years, will be made shortly while in the autumn the railway is planning a \$200m, seven-year Euroloan.

THE GERMAN porcelain and ceramics group Rosenthal AG, is set to pay an unchanged 16 per cent dividend for 1978, subject to shareholder approval, plus a 4 per cent bonus to mark the company's centenary. World turnover rose from DM 431m to DM 470.8m last year, of which DM 184.7m was accounted for by crockery and ornamental porcelain and DM 154.7m by

**German bank move by BUE**

PARIS—Banque de l'Union Européenne (BUE) is consolidating its German activities by selling its shareholding in one bank and acquiring a majority interest in another.

BUE is to put into effect an agreement made last December with the Royal Bank of Canada on selling the Canadian institution its 33 per cent stake in Burgardt und Nottebohm AG

which was formed recently through the merger of Burgardt und Brockelschen of Nordmund and Dusseldorf and Bank Nottebohm of Hamburg.

At the same time, BUE will expand its 20 per cent interest in Dibesa Bank of Frankfurt to 80 per cent by acquiring the interests of other shareholders.



**PETROFINA**  
Société Anonyme

**Summary of the 1978 Annual Report**

**Highlights of the year**

Finance in thousands of S	1978	1977*
Petrofina consolidated profit	99,927	89,661
Cash flow (profit before depreciation)	234,146	217,245
Sales and other revenue	3,808,325	3,617,028
Duties and taxes	1,052,025	924,185
Fixed assets (net of depreciation)	1,763,188	1,597,886
Exchange rate	60.394	62.547
<b>Operations</b>	<b>1978</b>	<b>1977</b>
Production of crude (in thousands of metric tons)	7,950	7,146
Crude oil processed in the Group refineries	25,600	24,100
Sales of finished products (in thousands of metric tons)	30,700	29,400
Sales of natural gas (in millions of cubic metres)	5,500	4,200

\* Figures adjusted for the effect of comparison with 1977

**Report of the Board of Directors**

Despite a first half year adversely affected by the consequences of the economic crisis, a temporary overproduction of crude oil and a further depreciation of the dollar, Petrofina's consolidated profit was 0.35 million Belgian francs, 5,922,700, 455 francs per share, compared with 5,602 million Belgian francs in 1977, an increase of 7%.

The improvement, which became particularly noticeable in the last two months of the year, is continuing.

We propose to distribute a dividend of 190 Belgian francs per share, net of withholding tax, compared with 180 Belgian francs for the previous year.

The improvement in the results would have been more than 1,200 million Belgian francs (32.2) before taking into account the extraordinary items in 1977, and before drawing on the fund for reimbursement of inventories in 1978. If the average exchange rate for the dollar had remained unchanged in 1978 as compared with 1977.

In the financial section of our report and in the notes attached to it, you will find detailed explanations of the changes which we have made in the method of converting the results of our foreign activities into Belgian francs, as well as details of the extraordinary items which affected the 1977 and 1978 results.

The cash flow was 14,141 million Belgian francs (353,145,000) an increase of 4%.

The consolidated turnover amounted to 3,808 million Belgian francs (93,836,325,000), an increase of 3,900 million francs. In relation to this figure, the total consolidated profit (including minority interests), represents 2.6% in 1977.

Investment expenditure for the year 1978 amounted to 13,900 million Belgian francs (9,300 million of which was for exploration production).

The investment budget for 1979 has been fixed at 15,000 million Belgian francs (9,300 million of which will be allocated to exploration production).

**Finance**

Petrofina's consolidated net income for the year 1978 was 6,956 million Belgian francs (173,927,000) compared with 5,922 million francs (148,680,000) in 1977.

Because of the wide fluctuations in exchange rates, the expression of the net income in Belgian francs at the rates of exchange in force at the end of the year no longer provided an adequate representation of our profit for the year. That is why, bearing in mind that the income was constituted gradually over the course of the year and also in view of the increase in capital expenditure, this average annual exchange rate for the various currencies has been used both to calculate the consolidated net income and as the historic rate of exchange for the fixed assets bought during the year by the foreign subsidiaries.

The new method of calculation has the effect of increasing the results for 1978 by 657 million Belgian francs and those for 1977 by 573 million francs.

During the course of the first half year, the value of products suffered an exceptional depreciation. This decline in prices due to the fall in the dollar, in fact made it impossible, outside the United States, to recover the cost of the crude oil from which the products were made. To make good this loss, 384 million Belgian francs was withdrawn from the fund for the replacement of stocks which was constituted for this particular purpose.

Exceptional items hardly entered into the 1978 results at all, whereas in the previous year, they represented a net profit of 1,234 million Belgian francs.

The net dividend of 2,621,426,850 Belgian francs (64,751,000) corresponds to a gross dividend of 2,161,870,815 Belgian francs (53,219,000) on which a withholding tax of 490,374,163 Belgian francs (11,938,000) is paid by the company on behalf of the shareholders.

Coupon NP 73 will be payable as from May 15, 1979 at the rate of BF 150 net after tax.

Copies of the English edition of the 1978 Annual Report and Account, are available on application to Petrofina UK, Ltd, Fiskindale House, 100 Road London SE17 7JT

This announcement appears as a matter of record only.



**GENSTAR FINANCE N.V.**

(Curaçao, Netherlands Antilles)  
a wholly owned subsidiary of

**GENSTAR HOLDING N.V.**  
(Rotterdam, the Netherlands)

**US \$ 60,000,000**  
**8-Year Revolving Term Loan**

Provided by

- AMSTERDAM-ROTTERDAM BANK N.V.
- BANQUE EUROPÉENNE DE CRÉDIT (BEC)
- DEUTSCHE BANK
- COMPAGNIE FINANCIÈRE LUXEMBOURG
- MIDLAND BANK LIMITED

Arranged by

**BANQUE EUROPÉENNE DE CRÉDIT (BEC)**

as Agent



June 1979

مركز الاموال



**GRUPPO FINANZIARIO TESSILE**

Società per Azioni—Capitale Sociale Lit.5.500.000.000  
Head Office, Torino (Italia) — Corso Emilia, 6

**U.S.\$6,500,000 Convertible Bond Loan**  
**8% 1973-1981**

**No. 11 Dividend Coupon Payment**  
**July 1, 1979**

Bondholders are hereby informed that the expiring coupon will be payable as from July 1st, 1979, at the following banks:

- BANQUE GUTZWILLER, KURZ, BUNGENER S.A. — GENEVE
- BANCA DEL GOTTARDO — LUGANO
- BANQUE INTERNATIONALE A LUXEMBOURG S.A.
- BANCA PIRELLA — LUGANO
- ROTHSCHILD BANK A.G. — ZURICH



INTERNATIONAL COMPANIES and FINANCE

Hong Kong seek ing

LONG Manufacturing the edible oil manu- facturing a public share for its S\$1 par the second company listing on the Singa- pore Exchange this year.

Canadian Tire buys into Australian hardware group

TORONTO — Canadian Tire Corporation has announced that it has entered an agreement to purchase an A\$2.2m (US\$7.4m) convertible note of McEwans, the largest hardware retailer in Australia, reports AP/D.

home centres in suburban areas of Melbourne, marketing building products, lumber and other hardware goods.

In the first quarter of this year, Canadian Tire earned C\$8.7m (US\$7.5m), or 75 cents a share, against C\$61.1m or 53 cents a year earlier on revenues of C\$211m (US\$182m), against C\$165m.

Toncoro sets growth target

By Our Johannesburg Correspondent TONGAAT COROGRUP—the brickmaking conglomerate created last October through the merger of Coronation Industrial with Primrose Industrial Holdings—is set to raise earnings a share by more than 22 per cent from the 14 cents achieved in 1978-79.

For the year to March 31, net income is reported to have tripled, to R3m (\$3.6m), from R1m in 1977-78, with earnings a share rising to 14.1 cents from 9.2 cents. The R3m reflects 12 months contribution from Coronation, but only nine months from Primrose.

Bricks—Toncoro's main product—price controlled, with a profit ceiling temporarily reduced to a 10 per cent return, before interest and tax on assets. Last year's return was 6.4 per cent.

CDs widen yen money market

TOKYO—The introduction of yen certificates of deposits in mid-May would encourage the liberalisation of Japan's rigidly-controlled interest rate structure and lead to the development of a fully-fledged short-term money market in Japan, according to Mr. Yasuhiro Kuga, deputy research director of Fuji Bank.

banks' CD issues will increase to Y1,070bn by the January-March quarter next year from Y430bn in the April-June quarter this year, and this would accelerate the freeing of interest rates in Japan and absorb surplus funds held by both business corporations and institutional investors.

which had an outstanding balance of Y15,000bn, and in which the three-month rate was 5.25 per cent—if the interest differential with CDs narrowed, because the issue cost of CDs was lower.

Union Steel profits increase

THE Union Steel Corporation, of South Africa, the major specialist steel and alloy producer in which the Government-owned Mafkop has a 31 per cent stake, increased its taxed profit by 33 per cent to R1.8m (\$2.1m) in the first four months of 1979, from its level in the same period of the previous year, Dr. M. D. Marais, the chairman, announced at the annual meeting.

This follows the 288 per cent taxed-profit rise for the last full year, to R3.8m, from R1.1m, arising largely from the switch out of mild steel production to special steel products.

cantly to the group's four-month profit. Despite higher prices the 100 per cent owned subsidiary, Veldmaster which manufactures agricultural discs and earth engaging equipment, had continued to trade at a loss, but at a reduced rate.

dend at it

NION General Investment Liberty Life's listed investment sub-fund declared a 31 per cent increase in its profit to R2.6m in the last year.

Table with 2 columns: Investment type and Value. Includes items like 'Capital Fixed Interest Portfolio' and 'Income Fixed Interest Portfolio'.

Advertisement for Canadian Pacific Limited, featuring 'U.S. \$50,000,000 Canadian Pacific Limited' and '9% Collateral Trust Bonds due 1989'. Lists various international banks and financial institutions.

Advertisement for United States Leasing International Finance N.V., featuring 'U.S. \$20,000,000 United States Leasing International Finance N.V.' and '10% Guaranteed Notes due 1984'. Lists various international banks and financial institutions.

Notice of Redemption Santa Fe International Finance Corporation

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of July 15, 1976 among Santa Fe International Finance Corporation, Santa Fe International Corporation and The Chase Manhattan Bank (National Association), as Trustee, \$500,000 in principal amount of the above Bonds will be redeemed through operation of the Sinking Fund on July 15, 1979 at the principal amount thereof together with accrued interest thereon to said redemption date.

Table listing serial numbers of bonds to be redeemed, including columns for serial number, amount, and date.

The serial numbers of the Definitive Bonds to be redeemed, all bearing the prefix MA, are as follows: 10 1480 2515 5837 9037 10216 10272 14988 16212 18069 20675 22827 24574 26221 28047...



Wall St. moves irregularly in early trading

INVESTMENT DOLLAR PREMIUM \$2.90 to \$1.40 (39%) Effective 12:35-14:00 (13%) TRADING ON Wall Street was still quite active yesterday morning, but stock prices failed to establish a decided trend and displayed mixed movements at mid-session.

Exxon put on \$1. Atlantic Richfield 1 to \$83.1, Amerasia New 1 to \$42.1 and Tesoro Petroleum 1 to \$18.1, but Superior Oil slipped \$3 to \$48.0. Active Charter Co. rebounded 2 1/2 to \$30.1 after being weak in recent sessions. Lone Star gained 1 1/2 to \$24.1. It is bidding \$25.50 for 1 m of its shares.

quarter results will be below expectations, shipments will exceed those of the first-quarter. Earlier, Amstar had forecast a break-even quarter.

The Nikkei-Dow Jones Average finished a marginal 1.78 off on the day at 1,686.45. Oils and some export-orientated issues closed lower after limited trading ahead of the OPEC meeting and the Tokyo economic summit.

Saudi Arabia is considering raising its oil output by 1m barrels a day to 9.5m. The major gains were observed among Oils, Constructions, Mechanicals and Portfolios.

high inflow of orders for capital goods, which include industrial machinery. Many investors may have assumed that measures to lighten credit might take some momentum out of the machine-making business.

Indices

NEW YORK - DOW JONES

Table with columns for Date, Index Value, High, Low, and Change. Rows include Industrial, Home B'nds, Transport, and Utilities.

Table with columns for Ind. Div. Yield %, June 15, June 8, June 1, and Year Ago (Apr). Values range from 6.01 to 6.98.

STANDARD AND POORS

Table with columns for Date, Index Value, High, Low, and Change. Rows include Industrials and Composites.

Table with columns for Ind. Div. Yield %, June 15, June 8, June 1, and Year Ago (Apr). Values range from 5.84 to 6.90.

N.Y.S.E. ALL COMMON

Table with columns for Date, Index Value, High, Low, and Change. Rows include 1979 and 1978 values.

MONTREAL

Table with columns for Date, Index Value, High, Low, and Change. Rows include Industrial and Composite.

TORONTO COMPOSITE

Table with columns for Date, Index Value, High, Low, and Change. Rows include 1979 and 1978 values.

JOHANNESBURG

Table with columns for Date, Index Value, High, Low, and Change. Rows include Industrial and Composite.

OSLO

Table with columns for Date, Index Value, High, Low, and Change. Rows include Industrial and Composite.

AMSTERDAM

Table with columns for Date, Index Value, High, Low, and Change. Rows include Industrial and Composite.

BRUSSELS/LUXEMBOURG

Table with columns for Date, Index Value, High, Low, and Change. Rows include Industrial and Composite.

PARIS

Table with columns for Date, Index Value, High, Low, and Change. Rows include Industrial and Composite.

VIENNA

Table with columns for Date, Index Value, High, Low, and Change. Rows include Industrial and Composite.

MILAN

Table with columns for Date, Index Value, High, Low, and Change. Rows include Industrial and Composite.

COPENHAGEN

Table with columns for Date, Index Value, High, Low, and Change. Rows include Industrial and Composite.

SWITZERLAND

Table with columns for Date, Index Value, High, Low, and Change. Rows include Industrial and Composite.

VIENNA

Table with columns for Date, Index Value, High, Low, and Change. Rows include Industrial and Composite.

MILAN

Table with columns for Date, Index Value, High, Low, and Change. Rows include Industrial and Composite.

COPENHAGEN

Table with columns for Date, Index Value, High, Low, and Change. Rows include Industrial and Composite.

SWITZERLAND

Table with columns for Date, Index Value, High, Low, and Change. Rows include Industrial and Composite.

VIENNA

Table with columns for Date, Index Value, High, Low, and Change. Rows include Industrial and Composite.

MILAN

Table with columns for Date, Index Value, High, Low, and Change. Rows include Industrial and Composite.

COPENHAGEN

Table with columns for Date, Index Value, High, Low, and Change. Rows include Industrial and Composite.

altered at \$57.58, after initially losing 4 cents, while rises and falls at mid-session were about evenly matched. Turnover contracted to 20.10m shares from Monday's 1m figure of 21.16m.

Energy shares retreated. Volume leader, Dome Petroleum gave up 1 1/2 to \$39.1, Gulf Canada 1 to \$12.1, Gulf Canada 1 to \$12.1, Gulf Canada 1 to \$12.1.

Reflecting a higher London Gold price, Campbell Red Lake rose 1/2 to \$22.1, Cabot Mines 1 to \$21.1 and Dickenson Mines 1 to \$21.1.

Disput of Canada, active on 33,550 shares in Toronto, advanced 1 1/2 to \$23.1.

Paris widespread fresh gains occurred in active trading, lifting the Bourse Industrials index 1.7 further to a 1979 peak of 84.1.

Germany Bourse prices declined over a wide front, brokers stating that investors were disheartened by a report for June, which affirmed that the Central Bank would continue efforts to tighten credit and hold down growth of the money supply.

NEW YORK

Table with columns for Stock, June 18, June 19, and June 20. Lists various stocks like Abbott Labs, AM International, etc.

Stock

Table with columns for Stock, June 18, June 19, and June 20. Lists various stocks like Control Data, Cooper Union, etc.

Stock

Table with columns for Stock, June 18, June 19, and June 20. Lists various stocks like Johnson & Johnson, Johnson Control, etc.

Stock

Table with columns for Stock, June 18, June 19, and June 20. Lists various stocks like Williams Co, Wm. S. Kieser, etc.

Stock

Table with columns for Stock, June 18, June 19, and June 20. Lists various stocks like Abitibi Paper, Agnico Eagle, etc.

Stock

Table with columns for Stock, June 18, June 19, and June 20. Lists various stocks like AEG, Allianz Versicherung, etc.

Stock

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Stock

Table with columns for Stock, June 18, June 19, and June 20. Lists various stocks like AEG, Allianz Versicherung, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol., Last, and Stock. Lists various options series like ABN C F.344.20, etc.

BASE LENDING RATES

Table with columns for Bank, Rate, and %.

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Table with columns for Bank, Rate, and %.

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COMMODITIES AND AGRICULTURE

Commodity form call

Commodities Editor
ATIONAL TRADE in
ry would have to be
y better criteria than
rivalry in order to
creasing world dis-
d injustice, claimed
pell of Zakari yester-

British grain harvest forecast down 5-10%

THIS YEAR'S British cereal
will fall well short of last
year's record level but probably
not by as big a margin as had
been feared, agricultural mer-
chant Mr. John Powling said in
London yesterday.

wanted now to help to fill,
mature and ripen the crops."
But, he said, farmers should
not be too depressed about their
reduced yields as grain prices
were "looking good". Feed
wheat and barley futures were
about £9 a tonne higher than at
this time last year, he noted,
while milling wheat was fetch-
ing about £13 more and mat-
ing barley about £10 more.

thought winter barley could be
combined from about July 23.
The spring barley, though late,
was catching up well "but it
is not what you would call
drought".
There are some good winter
rape seed crops but many kale
seed and winter oats crops did
not survive.

Record farm borrowings

By Our Commodities Staff
FARMERS BORROWED a
record £58m from the Agricul-
tural Mortgage Corporation in
the last financial year.

INTERNATIONAL WHALING COMMISSION Growing pressure for moratorium

AT FIRST sight the balance of
power within the International
Whaling Commission, which
begins its 31st annual session
in London on July 9, appears
little changed since last year's
talks.

There were 17 members of
whom seven were actively
engaged in whaling. There are
still seven whaling members
but the non-whaling lobby has
grown to 12. The two new
members are the Republic of
Korea, which still hunts whales,
and the Seychelles, which
ceased whaling in 1915.

There is also some hope of
abstentions from the whaling
side on the question and for
this reason the Seychelles dele-
gation has drawn the commis-
sion's attention to its rules on
voting which it claims indicate
that the percentage require-
ments refer to votes cast and
not the entire membership.

Though Dr. Watson admits to
having "fallen in love" with a
"20 tonne right whale while
diving some years ago the sud-
den emergence of the Seychelles
in the forefront of the great
whaling debate is not based
entirely on sentiment.

is still Zealand's customer

BOUGHT nearly one-
half of New Zealand's meat
in the year ending
. It also took the bulk
of its sheep exports and 20
of its cheese exports.
th of all New Zealand's
went to Britain, which
y far New Zealand's
port customer. Britain
\$2745m from total
arnings from
meat.

Jamaica to cut bauxite levy

KINGSTON — The Jamaican
Government is planning to cut
its levy on bauxite, imposed in
1974, to make its bauxite more
competitive. Mr. Eric Bell,
Finance Minister, said here
yesterday reports Reuters.

Lake Charles smelter has also
reduced cut supplies available
to the company.
On the London Metal Ex-
change yesterday, the market
aluminum prices rallied in line
with the general rise in base
metal markets.

buying interest, and strong up-
ward trend in New York, pushed
cask wirebars up by £24 to
£309.5 a tonne.
The London Metal Ex-
change yesterday, the market
aluminum prices rallied in line
with the general rise in base
metal markets.

Strikes hit Canadian wood plants

By Victor Mackie
OTTAWA — Hundreds of
woodworkers in British Colum-
bia staged wildcat strikes
yesterday and told their union
leaders they were not satisfied
with the progress in contract
negotiations.

Record farm borrowings

By Our Commodities Staff
FARMERS BORROWED a
record £58m from the Agricul-
tural Mortgage Corporation in
the last financial year.

INTERNATIONAL WHALING COMMISSION Growing pressure for moratorium

AT FIRST sight the balance of
power within the International
Whaling Commission, which
begins its 31st annual session
in London on July 9, appears
little changed since last year's
talks.

Record China cotton imports forecast

WASHINGTON — Chinese
cotton imports this season (end-
ing July 31) are expected to
total a record 500,000 tonnes,
compared to 350,000 in 1977/78,
according to the U.S. Depart-
ment of Agriculture (USDA).

Jute price raised again

By Our Commodities Staff
BANGLADESH HAS again
raised its export price controls
for jute, fearing a fall in the
current crop would create
shortage conditions.

ISH-COMMODITY MARKETS

Table with columns for METALS, LONDON METAL EXCHANGE, and various commodity prices.

COCA

Table with columns for COCA, COCA-OLA, and various commodity prices.

PRICE CHANGES

Table with columns for PRICE CHANGES, Tuesday's closing prices, and various commodity prices.

EUROPEAN MARKETS

Table with columns for EUROPEAN MARKETS, ROTTERDAM, and various commodity prices.

INDICES

Table with columns for INDICES, FINANCIAL TIMES, and various commodity prices.

INSURANCE BASE RATES

Table with columns for INSURANCE BASE RATES, Property Growth, and various commodity prices.

GRAINS

Table with columns for GRAINS, WHEAT, and various commodity prices.

SUGAR

Table with columns for SUGAR, LONDON DAILY PRICE, and various commodity prices.

MEAT/VEGETABLES

Table with columns for MEAT/VEGETABLES, MEAT COMMISSION, and various commodity prices.

REUTERS

Table with columns for REUTERS, DOW JONES, and various commodity prices.

CORAL INDEX: Class 422-427

Table with columns for CORAL INDEX, Class 422-427, and various commodity prices.

WHEAT

Table with columns for WHEAT, WHEAT, and various commodity prices.

WHEAT

Table with columns for WHEAT, WHEAT, and various commodity prices.

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The Energy Crisis

Impact on commodities
Inter Commodities Limited

WHEAT

Table with columns for WHEAT, WHEAT, and various commodity prices.

WHEAT

Table with columns for WHEAT, WHEAT, and various commodity prices.

WHEAT

Table with columns for WHEAT, WHEAT, and various commodity prices.

WHEAT

Table with columns for WHEAT, WHEAT, and various commodity prices.

Inter Commodities Limited

member of all UK Commodity Markets and the London Metal Exchange
we produced a comprehensive report on how the crisis is
likely to affect the supply, usage and price of the following raw
materials...

WHEAT

Table with columns for WHEAT, WHEAT, and various commodity prices.

WHEAT

Table with columns for WHEAT, WHEAT, and various commodity prices.

WHEAT

Table with columns for WHEAT, WHEAT, and various commodity prices.

WHEAT

Table with columns for WHEAT, WHEAT, and various commodity prices.

Wool Futures

BRADFORD — Prices have fallen as in
the local wool market and dealers
report little new business. The price
is being influenced by the relative
strength of sterling, they said.

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strength of sterling, they said.



Companies and Markets

May trade figures confuse the market and both Gilts and equity leaders finish on an uncertain note

Account Dealings Dates Option 'First Declara- Last Account Dealings Dates Dealings Day June 4 June 14 June 16 June 26 June 28 June 29 July 10 July 2 July 12 July 13 July 24 'New time' dealings may take place from 3.30 am two business days earlier.

finished a couple of pence cheaper at 259p. Among other Chemicals, a late speculative buy took place up to 170p, while Laporte firmed 3 to 123p and Yorkshire added 4 to 70p. Interest was shown in Carless Capel, which put on 3 to 44p.

to 90p, while William Morrison put on 5 to 183p in a thin market. Among the leaders, Fairview Estates, 184p, and Greycoat Estates, 105p.

LONDON TRADED OPTIONS table with columns for Option, Ex. r/c, Closing price, Vol., and Equity close. Includes sub-tables for July, Oct., and Jan. 1979.

Stores rally Having sustained heavy post-Budget falls on fears that the sharp increase in VAT would adversely affect sales, Stores staged a useful rally.

Motor Distributors continued the previous day's rally, although the trade remained relatively light. Godfrey Davis pleased with sharply increased profits and dividend, spurring 7 to 127p.

APPOINTMENTS T. J. Manners is Issuing Houses deputy chairman Mr. T. J. Manners of Lazard Brothers and Co., has been elected deputy chairman of the ISSUING HOUSES ASSOCIATION in June 30 of Mr. Graham Walsh, who on July 1, takes up his appointment as director general of the Panel on Take-overs and Mergers.

DEALING DATES Premier Oil, Oil Exploration, Scottish and Newcastle Breweries, Westrick Trust Houses Forte, Ultramar, Cartiers, Samuel Properties, Spillers, Lomha, Town and City Properties and B & O (Retail).

ACTIVE STOCKS table with columns for Stock, Denomina, Closing, Change, 1978, and 1979. Includes RECENT ISSUES and FIXED INTEREST STOCKS.

FINANCIAL TIMES STOCK INDICES table with columns for June 18, June 19, June 20, June 21, June 22, June 23, and a year ago.

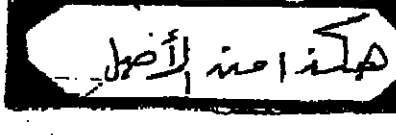
HIGHS AND LOWS table with columns for High, Low, and S.E. ACTIVITY. Includes sub-tables for Govt. Secs, Fixed Int., and Gold Mines.

NEW HIGHS AND LOWS FOR 1979 The following securities reached the Share Information Service yesterday attaining new Highs and Lows for 1979.

RISES AND FALLS YESTERDAY table with columns for Rise, Down, Same, and Total.

FT-ACTUARIES SHARE INDICES table with columns for EQUITY GROUPS & SUB-SECTIONS, TUES., JUNE 19, 1979, and various indices.





AUTHORISED UNIT TRUSTS

Table of authorised unit trusts including titles like 'Minster Fund Managers Ltd.', 'M.A. Unit Trust Management Ltd.', and various fund names with their respective details.

Table of unit trusts including 'Minster Fund Managers Ltd.', 'M.A. Unit Trust Management Ltd.', and 'National and Commercial'.

Table of insurance and property bonds including 'Abby Life Assurance Co. Ltd.', 'Crown Life Assurance Co. Ltd.', and 'Royal Life Assurance Co. Ltd.'.

Table of unit trusts including 'Schlesinger Trust Mgmt. Ltd.', 'Tower Unit Trust Mgmt. Ltd.', and 'Transatlantic and Gen. Sec. Inv. Co. (C) Ltd.'.

Table of insurance and property bonds including 'Prudential Assurance Co. Ltd.', 'Royal Life Assurance Co. Ltd.', and 'The London & Manchester Assurance Co. Ltd.'.

OFFSHORE AND OVERSEAS FUNDS

Table of offshore and overseas funds including 'Alexander Fund', 'Allen Harvey & Rees Inv. Mgt. (C) Ltd.', and 'Bank of America International S.A.'.

NOTES

Notes section containing various financial notices, advertisements, and company announcements.



CHRISTIE & CO. 32 Baker Street London W1 Telephone 01-486 4231. Ten regional offices. Specialists in the sale of privately owned businesses and companies. VALUERS - LICENSED DEALERS.

FT SHARE INFORMATION SERVICE

FOOD, GROCERIES - Cont.

BRITISH FUNDS

Table of British Funds including 'Shorts' (Lives up to Five Years), Five to Fifteen Years, and Over Fifteen Years. Columns include Stock, Price, and % Change.

INTERNATIONAL BANK

Table for International Bank with columns for Stock, Price, and % Change.

CORPORATION LOANS

Table for Corporation Loans with columns for Stock, Price, and % Change.

COMMONWEALTH & AFRICAN LOANS

Table for Commonwealth & African Loans with columns for Stock, Price, and % Change.

LOANS

Table for Loans with columns for Stock, Price, and % Change.

FOREIGN BONDS & RAILS

Table for Foreign Bonds & Rails with columns for Stock, Price, and % Change.

AMERICANS

Table for American Stocks with columns for Stock, Price, and % Change.

CANADIANS

Table for Canadian Stocks with columns for Stock, Price, and % Change.

BANKS AND HIRE PURCHASE

Table for Banks and Hire Purchase with columns for Stock, Price, and % Change.

BANKS & HP - Continued

Table for Banks & HP - Continued with columns for Stock, Price, and % Change.

BEERS, WINES AND SPIRITS

Table for Beers, Wines and Spirits with columns for Stock, Price, and % Change.

BUILDING INDUSTRY, TIMBER AND WOODS

Table for Building Industry, Timber and Woods with columns for Stock, Price, and % Change.

RETAILERS

Table for Retailers with columns for Stock, Price, and % Change.

CHEMICALS, PLASTICS - Cont.

Table for Chemicals, Plastics - Cont. with columns for Stock, Price, and % Change.

DRAPERY AND STORES

Table for Drapery and Stores with columns for Stock, Price, and % Change.

ELECTRICAL AND RADIO

Table for Electrical and Radio with columns for Stock, Price, and % Change.

CHEMICALS, PLASTICS

Table for Chemicals, Plastics with columns for Stock, Price, and % Change.

ENGINEERING MACHINE TOOLS

Table for Engineering Machine Tools with columns for Stock, Price, and % Change.

ENGINEERING - Continued

Table for Engineering - Continued with columns for Stock, Price, and % Change.

HOTELS AND CATERERS

Table for Hotels and Caterers with columns for Stock, Price, and % Change.

INDUSTRIALS (Miscel.)

Table for Industrials (Miscel.) with columns for Stock, Price, and % Change.

FOOD, GROCERIES, ETC.

Table for Food, Groceries, Etc. with columns for Stock, Price, and % Change.

Table for Food, Groceries, Etc. (continued) with columns for Stock, Price, and % Change.

Table for Hotels and Caterers (continued) with columns for Stock, Price, and % Change.

Table for Industrials (Miscel.) (continued) with columns for Stock, Price, and % Change.

Table for Food, Groceries, Etc. (continued) with columns for Stock, Price, and % Change.

Table for Engineering Machine Tools (continued) with columns for Stock, Price, and % Change.

Table for Food, Groceries, Etc. (continued) with columns for Stock, Price, and % Change.

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Journalists



INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, price change, and volume.

INSURANCE—Continued

Table of insurance stocks including companies like Royal Indemnity, Commercial Union Assurance, and Overseas Assurance.

PROPERTY—Continued

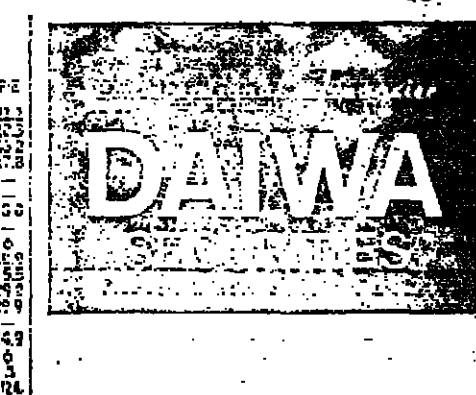
Table of property stocks including companies like British Land, Anglo-Continental, and Anglo-Continental.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.

FINANCE, LAND—Continued

Table of finance and land stocks including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.



MINES—Continued

Table of mine stocks including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.

LEISURE

Table of leisure stocks including companies like British Leisure, Anglo-Continental, and Anglo-Continental.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Leyland, Anglo-Continental, and Anglo-Continental.

Garages and Distributors

Table of garage and distributor stocks including companies like British Leyland, Anglo-Continental, and Anglo-Continental.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like British Newspapers, Anglo-Continental, and Anglo-Continental.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks including companies like British Paper, Anglo-Continental, and Anglo-Continental.

SHIPPING

Table of shipping stocks including companies like British Shipping, Anglo-Continental, and Anglo-Continental.

SHOES AND LEATHER

Table of shoe and leather stocks including companies like British Shoes, Anglo-Continental, and Anglo-Continental.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.

TEXTILES

Table of textile stocks including companies like British Textiles, Anglo-Continental, and Anglo-Continental.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.

RUBBERS AND SISALS

Table of rubber and sisal stocks including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.

TEAS

Table of tea stocks including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.

Sri Lanka

Table of Sri Lanka stocks including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.

MINES CENTRAL RAND

Table of central rand mine stocks including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.

EASTERN RAND

Table of eastern rand mine stocks including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.

INDIA AND BANGLADESH

Table of India and Bangladesh stocks including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.

AFRICA

Table of African stocks including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.

MINES FAR WEST RAND

Table of far west rand mine stocks including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.

O.F.S.

Table of O.F.S. stocks including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.

FINANCE

Table of finance stocks including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.

AUSTRALIAN

Table of Australian stocks including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.

COPPER

Table of copper stocks including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.

MISCELLANEOUS

Table of miscellaneous stocks including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.

NOTES

Notes section containing various financial notices, company announcements, and market updates.

REGIONAL MARKETS

Table of regional market data including stock prices and market indices for various regions.

INSURANCE

Table of insurance stocks including companies like British Insurance, Anglo-Continental, and Anglo-Continental.

TOBACCO

Table of tobacco stocks including companies like British Tobacco, Anglo-Continental, and Anglo-Continental.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.

OPTIONS 3-month Call Rates

Table of options and 3-month call rates including companies like Anglo-Continental, Anglo-Continental, and Anglo-Continental.



Tarmac CONSTRUCTION Builds for Business

Rent from £1.25 sq ft... Fairview Creating hives for industry

Doubts after DC-10 flights are resumed

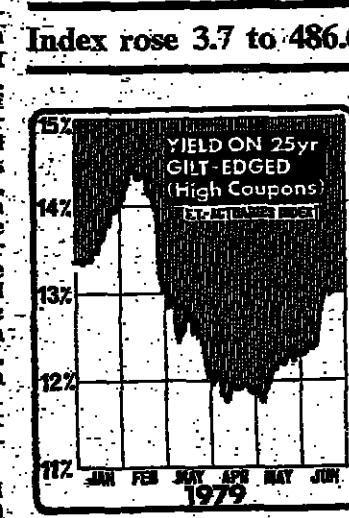
EUROPEAN AIR authorities yesterday gave the go-ahead for a resumption of DC-10 flights. But there was continued official uncertainty about the aircraft's design and about the prospects of an early return to normal operations.

Inflation crisis in W. Germany

THE BUNDESBANK today warns that West Germany's battle against inflation had entered a critical phase, and serves notice both to banks and Government that it will not budget from its tight monetary policies.

THE LEX COLUMN More smiles from Trusthouse Forte

There was a time when Trusthouse Forte scarcely broke even in the first half of its financial year. Yesterday, by contrast, it reported a net profit of £10.2m pre-tax, a rise of 55 per cent on 1977-78.



Government attacked for order losing shipbuilding

A UNION leader accused the Government yesterday of losing a vital shipbuilding order by refusing to help a UK yard match an "unfair" bid by a Finnish yard.

Steel union to fight any bid to sell BSC

THE STEEL industry's biggest trade union yesterday declared itself ready for "concerted industrial action" to fight any Government attempt to sell parts of the nationalised British Steel Corporation.

Trade figures

Less than a fortnight after the last bunch of strike-bound trade figures emerged, the financial markets had to absorb yet another dose yesterday.

EEC plan to control oil spot markets

THE EEC is to explore the possibility of organising an "oil exchange" for spot market transactions, in an attempt to bring greater discipline and disclosure to international trading in crude oil and products.

Continued from Page 1 U.S. petrol

Similar curbs are to be introduced in the Washington metropolitan area which includes parts of Virginia and Maryland.

Weather

Small is beautiful... FIRE PROTECTION... Clinicon FIRE PROTECTION Waterless Sprinklers